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CREDIT WORLD

Magazine of
Retail Credit



S. L. GILFILLAN
"The Father of the
National Retail Credit Association"

TREAT YOUR CREDIT
AS A
SACRED TRUST

SEPTEMBER, 1934

Vol. XXII No. 12

The Sound Loan is the shortest cut to *Restored Credit*

OFFICES IN 106 CITIES

Illinois

Alton
Aurora
Bloomington
Champaign
Chicago
Cicero
Decatur
Freeport
Galesburg
Joliet
Moline
Oak Park
Peoria
Rockford
Springfield
Waukegan

Indiana

East Chicago
Evansville
Gary
Hammond
Indianapolis
Michigan City
South Bend

Iowa

Davenport
Des Moines

Maryland

Baltimore

Massachusetts

Boston
Springfield
Worcester

Michigan

Battle Creek
Bay City
Detroit
Flint
Grand Rapids
Highland Park
Jackson
Kalamazoo
Lansing
Muskegon
Port Huron
Saginaw

Missouri

Kansas City
St. Joseph
St. Louis

New Jersey

Camden
Jersey City
Newark
Orange
Paterson
Trenton

New York

Albany
Binghamton
Brooklyn
Buffalo
Flushing
Fordham
Hempstead
Jamaica
Lockport
New York
Niagara Falls
Rochester
Syracuse
Utica
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Ohio

Canton
Cincinnati
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Toledo
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Pennsylvania

Allentown
Altoona
Chester
Easton
Erie
Johnstown
Lancaster
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New Castle
Norristown
Philadelphia
Pittsburgh
Reading
Scranton
Wilkes-Barre
York

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Pawtucket
Providence

Wisconsin

Appleton
Beloit
Eau Claire
Fond du Lac
Green Bay
Kenosha
La Crosse
Madison
Milwaukee
Oshkosh
Racine
Sheboygan
Superior
Wausau

ANY credit manager knows that people who can't pay old bills are poor customers for his business even though they may have the cash for current needs. But there is a method whereby old accounts, unpaid because the individual is submerged by numerous small debts, can be straightened out; that method is the Household Loan Plan.

Household makes loans of \$30 to \$300 to employed families keeping house, with husbands and wives as signers... offers a sensible, simple budgeting plan that will help the family repay the loan in regular monthly payments. These loans are made at the *lowest possible price* for "money at retail". In some instances, Household's charges are lower than the maximum permitted by the State Small Loan Laws.

This straightforward plan of reorganizing family finances will reinstate many worthy customers on your books if the suggestion is made at the right time. The helpful services of Household offices are found in 106 cities and surrounding communities, one no doubt near you. A booklet explaining the Household Plan will be sent at your request. Also, if you wish, we will send a number of these booklets to pass on to those individuals whom you believe will benefit by a Household Loan.

HOUSEHOLD FINANCE CORPORATION AND SUBSIDIARIES—56th Year of Service

Headquarters: 919 North Michigan Avenue, Chicago



ABOUT THE COST • Efficiencies never can reduce retail prices to the level of wholesale prices. However, when methods are devised which permit "retailing" money to husbands and wives on their signatures at rates lower than the $2\frac{1}{4}\%$ to $3\frac{1}{4}\%$ a month now charged on unpaid balances, Household will be found using those methods.

The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

September, 1934 Vol. XXII No. 12

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CHANGE OF ADDRESS: Please notify us promptly of any change of address so that you may not miss any issues. With your new address it is absolutely necessary that you also send us your old one. Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription, \$2.00 a year, to members of the National Retail Credit Association only.

This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

YOU NEED This New Book

"Proven Plans to Speed Collections and Timely Tips to Trim Office Overhead"

Copyright, 1933

THIS book is from the pen of a man who has spent over twenty years in the study and practice of the art of collecting money and retaining the good will and patronage of those from whom he collected.

In this book will be found:

- 288 successful collection ideas, plans and letters.
- 470 collection paragraphs in a unique letter book arranged according to appeals to different emotions, classified and numbered for convenient use, including—
- 204 effective ways to close your collection letter for action.
- 147 attention-getting opening paragraphs for collection letters.
- 119 miscellaneous collection paragraphs classified according to appeals to pride, fear, sense of fairness, etc.
- 51 tracing tricks and schemes to locate the debtor who moves.
- 42 time and labor saving office short cuts and postage saving ideas.
- 25 specific ways to cut bad check losses and points to watch in cashing checks.
- 10 ways to use the telephone to improve collections.
- 4 ways to locate debtor's place of employment.
- The most successful plan of a Texas collection expert in collecting from farmers.
- How to get your money on defective remittances and bad checks.
- How a Dallas collection expert collected a six-year-old judgment in Texas where wages cannot be garnished, from a debtor with no property, who carried his bank account in another city under his wife's name.
- A plan used by one merchant to educate his customers to pay by the 10th.
- A letter that asked only for a date but brought back checks in all but one case.
- A scheme that collected 50 per cent of a big list of small publisher's accounts and made the debtor smile as he paid.
- A clever stunt in following up broken promises that brought in 80 per cent returns within five days.
- A plan that speeded up collections 75 per cent on accounts under \$10.00.
- A plan that enabled a dentist to collect 98 per cent of his accounts over a period of ten years.
- A simple plan that enabled a wholesale credit man to reduce his bad debt losses to less than 1/15 of 1 per cent over a period of seven years.

This is really more than a book. It is a working kit for the credit man, the merchant, the professional man or anyone who has anything to do with collections.

You also get a letter and paragraph book with definite and specific instructions on how to use it as well as a generous supply of blank pages to enable you to add your collection letters and paragraphs and tie this right in with your own business.

Handsomely bound in serviceable black, imitation leather (loose leaf), size 9x11 inches, it is a most unique portfolio—a veritable treasure book of PROVEN PLANS TO SPEED COLLECTIONS AND TIMELY TIPS TO TRIM OFFICE OVERHEAD.

The price originally set for this was \$15.00 but to make it available to a larger number, it may now be purchased for the unbelievably low price of

\$5.00

ARTHUR P. LOVETT
4455 PENN STREET KANSAS CITY, MO.

EDITORIAL COMMENT

True in 1919—Just as True Today!

BECAUSE it is just as true today as it was when originally written in 1919—because the need for cooperation among credit granters is even more imperative now than it was then—because there was never a time when so many pressing problems demanded solidarity and unified action—the following editorial (written by your present General Manager-Treasurer who was then Executive Secretary), is reprinted from the May, 1919, issue of *The CREDIT WORLD*:

"United we stand—divided we fall"—united and reinforced we advance. The strength and power of any organization lies in the concerted effort of a large membership. Just so, cooperation and concerted effort on the part of every retail credit granter will make our National Association one of the most powerful organizations in the business world, exerting a dominating influence along legislative lines and law enforcements. As we continue to acquire national strength our ability for improving credit conditions throughout the country cannot be overestimated.

Now that we are putting forth every effort to increase the efficiency and advantages of the Association by increasing the membership, it behooves every member to resolve himself, or herself, into a committee of one to improve the organization and to obtain new members. That you were progressive and farsighted enough to become a member of the Association, is good, but it is only a beginning. We want you to take an active, personal interest. Boost the Association. Make suggestions that occur to you that might help the organization as a whole or one of your fellow-members. This is *YOUR* organization, its failure or success depends on *YOU*. Determine that you will get at least one additional member for the Association before the next Convention. Think what it would mean if each member secured one new member.

If you are a member of an affiliated association, write several credit men in a near-by city, inviting them to join.

Point out to someone who isn't a member and who should be, the advantages the organization offers its members, also the benefits to be derived from closer cooperation of credit men in a local association affiliated with the National. We have literature explaining the advantages of local associations that might help you in convincing some "doubting Thomas." The weekly meetings held by the most successful local associations, are invaluable to the members, as they stimulate interest and effort in credit improvement. By the exchange of ideas and information concerning unsatisfactory customers, the use of our Collection Letters, organized campaigns, etc., the credit granter not only has a surer basis on which to solve his

everyday problems, but sees his collections substantially increase and his bugbear, the P. & L. list, steadily dwindle.

Suggest that *The CREDIT WORLD*, our official magazine, alone is worth many times the price of membership. It does for the whole membership what the weekly meetings do for the local association members. As you know, it is not a magazine with a few items concerning credits and a few stories, but a practical, right-on-the-job credit aid, containing articles pertaining to credits and collections written by leading credit men throughout the country; forms and form letters proved successful by experience; publicity of an educational nature.

The CREDIT WORLD, in fact, is a magazine that no progressive firm can afford to be without.

We are exceedingly anxious to more than double our membership before the next Convention, and will appreciate whatever you can do to help us bring this about. Let us have your suggestions concerning the membership work; anything that might occur to you which should be considered at the Convention, improvements in *The CREDIT WORLD*, etc. In other words, let us have your fullest cooperation to make the National Association the organization it should be and the organization it *WILL BE* if the credit men of the country work together to this end.

It's up to you—the present-day membership of the National Retail Credit Association! Will you respond with the same enthusiasm and loyalty to your association as did the membership of 1919? Will you envision the possibilities—for greater protection and richer benefits—of a stronger association, with a larger and more active membership? *Will you put your shoulder to the wheel and help?*

» » »

The Manager of Credit Sales Is a Key Executive

The Manager of Credit Sales, if he measures up to the title, is a combination Sales Manager and Controller, in that he builds sales, controls credit to eliminate undue losses, controls the expenses of his department and safeguards and keeps liquid an important part of the store's assets, its accounts receivable.

He should be recognized as one of the outstanding executives of the organization. His efforts contribute much to the success of the firm he represents. He is probably more closely in touch with the customers of the store than any other

executive and for that reason is in position to accomplish more in the building of good will and in selling the store to the customer.

The Manager of Credit Sales, as well as the Controller, should be a member of the Management Committee. Both are qualified to assist materially in the successful operation of the store yet each has a separate and distinct function to perform. There should, by all means, be complete harmony and close cooperation between the Manager of Credit Sales and the Controller.

As the executive in charge of Credit Sales he should be responsible to the Treasurer or store head for the successful operation of his department but he should have absolute authority in its management. He is, and should be so considered, an executive of the first rank, building greater sales and, incidentally, profits for the store.

» » »

What Is the Best Month for Our National Convention?

IT HAS been suggested that we ascertain from our members the advisability of holding our National Convention the second or third Tuesday in August of each year. Attention was called to the fact that our attendance during the years the conventions were held in August, *with a much smaller membership*, compared favorably with the attendance since the change to June became effective.

It was further pointed out that June is a very busy month for most retailers, making it difficult for credit executives and bureau managers to be away from their posts; also that in the past many arranged their vacations for immediately prior or subsequent to our Conventions which had a tendency to increase the attendance.

We should like to have your personal reaction to the change, with reasons for or against, and suggest that the matter be voted upon by local Associations and the result forwarded to the National office. This will enable the Board of Directors to consider the advantages and disadvantages, and make recommendations accordingly to the Convention at Rochester next June.

» » »

Membership Campaign Plans Practically Complete

PLANS for the new Membership Campaign are practically complete—all regional districts except two are now organized. Complete details of the plan will be announced in the October issue, as well as the "Roll of Honor" of bureau managers who are cooperating in the "5-point" plan.

Research Department Wins Immediate Acclaim from Members

JUDGING from the enthusiastic letters received from members throughout the nation, our Research Department has won the acclaim and support of the membership. Hundreds of letters have been received pledging support of our research activities and members everywhere have been most kind in responding to requests for information.

Extracts from a few of the letters are reproduced below:

"Please be assured of our support and cooperation at all times and do not hesitate to write us if we can be of service to your Research Department."—*San Francisco*.

* * * * *

"With this department available for information at all times, it is certainly going to give us some very valuable information on which to base the progress credit departments are making over the country. We will be glad to furnish you with information you might request at any time. It is only through the use of facts that credit men will be able to extend credit on a sound basis at all times."—*Davenport*.

* * * * *

"We will do everything in our power to assist the Research Department in the new work it is undertaking."—*Kansas City*.

* * * * *

"We are expecting big things from the Research Department and if there is any way we can help, do not hesitate to let us know what we can do."—*New York City*.

* * * * *

"I feel that the new Research Department in connection with National activities can be made a real worthwhile department. I have always considered statistical information properly compiled and then distributed, a very important and progressive step."—*Salt Lake City*.

* * * * *

"The Research Department offers a challenge of comparison—an opportunity for friendly competition. It is a chance to weigh ourselves and see if we 'are found wanting.' It is the painting of a more complete picture to be scrutinized and studied and, if you please, enjoyed."—*Duluth*.

* * * * *

Your spontaneous response—your immediate acceptance of the Research Department's efforts—is most gratifying and encourages us to greater efforts.

What can be done—with your cooperation—is reflected in the increase of information already apparent in this issue of *The CREDIT WORLD*. Two pages of collection statistics are shown on pages 16 and 17. And the article on page 10 shows what can be accomplished with fact-studies in hitherto uncharted fields. The possibilities of this department, in service to the membership, are endless!

Eleven Attributes of A Successful Executive

By SAMUEL W. REYBURN

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IN HIS efforts to improve himself as well as to select good material from which to develop executives, it has helped the writer to think in terms of eleven general qualities or attributes which executives should possess.

Of course, no one can expect to rate or classify by measure, scale, or formula the most wonderful thing in all nature, the human being; but experience has shown that judgment is better when such a complex problem is approached with systematic thinking even if exact science is impossible.

The first four of the qualities listed may be regarded as the foundation stones, since without them the others would be of little value. They are generally established rather early in life by parents, schools, and the church.

When a person has reached the age when he begins seriously to consider the choice of a vocation he should make a careful appraisal of himself, and, if he finds that he is lacking in any of these fundamentals, his first duty should be to correct such weakness. *He can do it.*

The leader of any organization whose responsibility it is to keep it going, and to select and train his associates in management, should look for and find reasonably well developed all of these four qualities before he gives a person a chance to try executive responsibility.

The next six qualities are important also, but a weakness in any one or two of these can more easily be overcome than in the case of the first four. Such weakness may even be satisfactorily compensated for by unusual strength in the other qualities—but such strength should never be used as an excuse for a lack of effort in trying to build up the weak points. A *balanced* development should be the goal. The eleven qualities are:

1. Health

The work of any executive calls for much effort. It is occasionally necessary to work for long hours, for weeks at a time. It is essential that the continuity of an executive's work should not be broken too frequently by absence due to illness. It should be remembered, too, that the physical nature is the soil in which the mental and moral nature must flourish or fade. All of these things make good health a most important asset to success as an executive.

One is fortunate indeed to inherit a good physique, but even such a person must realize that this great gift may not safely be abused. If one is not blessed with a strong physique, he must learn the daily habits of caring for what he has and developing physical stamina. He must learn what he may do, and what he may not do.

Among the writer's acquaintances, several men who appeared frail physically have lived long and have had young and vigorous minds until the end. Two of his intimate friends, never physically robust, lived to be eighty-five or more, and were active and very effective until almost the end.

They were always young and vigorous in mind because they gave food, fresh air and exercise to the mind every day, and because each knew how to use his physical equipment intelligently. They did not eat to excess, work to excess, or play to excess; nor did they dissipate in other ways. Whether your endowment of health be great or small, take good care of what you have.

2. Integrity

By this is meant uprightness of character, moral soundness, good personal behavior, honesty, strict fulfillment of promises, strength of character sufficient to withstand temptation. It has no substitute. One known to be lacking in this quality finds it difficult to secure an important position. And where the evidence of that lack develops after he has the place, his leader cannot afford to waste time unless the person recognizes his own weakness and asks for help to correct it.

3. Intelligence

Intelligence is the faculty of so understanding and digesting personal experience as to be able to adapt oneself quickly and effectively to new circumstances and surroundings. It is the faculty of receiving evidence openmindedly and reasoning accurately from premise to conclusion.

One manifestation of intelligence, often overlooked, is the intelligent appreciation of other people—*courtesy*. There are many people who seem to have splendid minds, but are inclined to run roughshod over the feelings of other people without apparently realizing that feelings or emotions, rather than ideas, are the chief springs of our reactions and of the largest part of human behavior.

No executive can be rated high in intelligence who is



Samuel W. Reyburn is President of the Associated Dry Goods Corporation which operates the following department stores: Lord & Taylor and James McCreery & Co., New York City; J. N. Adam & Co., and The Wm. Hengeler Co., Buffalo; Hahne & Co., Newark; Powers Mercantile Co., Minneapolis; Stewart & Co., Baltimore, and The Stewart Dry Goods Co., Louisville.

He is also Chairman of the Board of Trustees, New York University School of Retailing.

so self-centered and so proud of himself that he disregards the emotional side of those who work under his supervision.

Nor could one be rated high in intelligence who is lacking in that other quality, so closely related to courtesy, which we call *tact*. Tact is defined as "nice discernment of the best course of action under given conditions, especially the ability to deal with others without giving offense." Courtesy is essentially a quality of character while tact is essentially a quality of understanding.

Both tact and courtesy come from within and are based on natural kindness, consideration for the feelings of others, willingness and ability to understand the other's viewpoint, and keen sensitiveness to human reactions.

There should also be an understanding of the importance of good *personal appearance*. It may be argued that appearance is only superficial, and that it is what is underneath which counts; but first impressions are based almost entirely on one's appearance, and first impressions are very important. The executive should always be careful to dress neatly and in good taste, avoiding any extreme which might invite ridicule.

4. Industry

The fourth quality is industry, the ability and willingness to apply one's strength of mind and body diligently, persistently, and effectively until the job is finished; the will to weigh and plan and to push each task through, one after the other, until the work is done.

5. Practical Experience

Experience is not so easily evaluated as one is likely to believe, for ability of any kind does not come through experience alone. Many people are rich in experience, yet none the wiser for it. Do not give too much weight to the amount of time a person has spent with a certain organization or doing certain work, even though the work has been done successfully. One may, for a long period, function effectively through habits acquired by imitation, but without learning to observe closely, to analyze, and to think for himself.

Especially may this be true when the experience has been with an organization which has been uniformly successful over a long period of time. Such a person, when thrown into a new environment, finds his long experience to be of little or no value because the exact situations to which he has been accustomed will not be duplicated, and mere "habit patterns" will not solve the new problems.

Long practical experience alone, then, does not necessarily make an executive. The important question is, what has been the attitude toward that experience?

Walter Dill Scott, in his book *Increasing Human Efficiency in Business*, describes three general attitudes toward experience. The first is the *submissive or suggestible attitude* in which little or no attention or thought is given to the experience. The course of action is decided almost entirely by the instructions of a superior, or the chance suggestion of a bystander. When any decision is found to be wrong, the error is blamed on "poor advice" rather than where it belongs on "poor judgment."

The second is the *self-contemplative attitude*, in which attention is directed to one's self rather than to the experience. There are two extremes. The first is that in which the fear of making a mistake, the realization of one's own weaknesses, is so overpowering that no decision can be reached. At the other extreme is the attitude of the egotist who thinks he knows everything and wants

constantly to tell it. To him the new experience can teach nothing that he does not think he already knows.

These two attitudes—suggestibility and self-contemplation—are useless so far as building up the mind and judgment is concerned. They permit the teachings of experience to slip through the mind without leaving any imprint.

6. The Inquiring Mind

The one worth-while attitude is that of the inquiring mind, the problem attitude, in which one forgets himself and the person standing by and weighs only the facts and factors which have bearing on the case. This is the state of mind in which one cannot be content to see a thing happen without learning why and how it happened.

It clings tenaciously to the matter in hand until it has studied every phase. It is this capacity for concentrated attention, classification and analysis which, we are told, distinguishes the superior man from the mediocre. Only with this attitude of mind can the full lesson of experience be assimilated.

If, added to this desire to know, the executive shows in his contacts with others that patience and sympathy which give to him a ready access to their minds and feelings, then information and suggestions will flow to him easily and naturally.

7. Judgment

When investigation has secured all the information obtainable in the time available, it must be used. Decisions must be made. If decisions are not made there really is no use in investigating. Hence an executive should have what we might call a judicial turn of mind; that is, a mind which is capable of an orderly and unprejudiced weighing of all factors, including the opinions of others, and arriving at a thoughtful decision which is correct in at least a large percentage of cases.

Contrary to the belief of many, no one is born with good judgment. *It is built up through experience.*

Scott tells us that there are two classes of judgment: First, *practical judgment*, based on the memory of what one has done or seen done; and second, *reflective judgment* which is built upon lessons of many practical judgments. A man gains reflective judgment by classifying and comparing his experiences. He must have the proper attitude toward these experiences, must be attentive, must listen, must look and try to understand. But he puts away in his mind, not a detailed memory of the experience, but the underlying fundamental principles that were the guides in that incident.

When confronted with an unusual situation, a man with reflective judgment draws not only upon his memory of specific cases that are analogous but also upon his whole experience from which he has been able to establish certain basic principles.

Anyone who desires to be an executive should practice the habit of decision. He should try constantly to have a definite opinion on each subject. When he has arrived at one, he should test his judgment by watching actual results, or by telling what he thinks to someone who knows more about the subject than he does. This should not be done in an aggressive way, but in a calm, confident way.

To have his mistake shown to him when he is wrong, and even to be laughed at a little, can be most helpful. If one has thoughtfully arrived at his conviction he should, however, not change too easily; but he should remember that the door of a healthy mind is always open.

As the executive's experience ripens, his practical judgment which is based on accurate observation and memory

(Continued on page 28.)



Practical Credit and Collection Control

By FRANK D. FRANCIS

Credit Manager, The Emporium, San Francisco, Calif.
President, Associated Retail Credit Men of San Francisco

YOU will be interested, I'm sure, in a plan of improved credit control, a plan that has been successful in actual application, which if adopted will permit any department to ultimately raise its collection turnover to 50 per cent or over, reduce its bad debt losses and its operating expense.

For an example, I will take any credit department that presumably requires settlement of its accounts on a thirty-day basis, yet whose turnover runs from sixty to ninety days. Such turnover is not consistent and indicates a lack of credit collection control. First, let me outline the various controls that should be a part of your regulation to insure a 50 per cent turnover or better.

I will take up the requirements on a new account:

Before an Account Is Opened

1. A *complete* credit application.
2. A definite understanding with the applicant as to terms.
3. A credit bureau report, either telephone or written—*always*.
4. An understanding between the credit interviewer and the applicant as to the *amount* of monthly credit desired.
5. The necessity for rejecting the credit applicant who fails to measure up to your store's credit policy.
6. The necessity of a further discussion of terms where the credit bureau report indicates that the applicant's paying habits at other stores are not in accord with your terms and still not bad enough to decline.

After Accounts Are Opened

7. Credit bureau reports must be thoroughly analyzed and new accounts properly rated before they are passed on to the authorization department.
8. A smooth-working authorization plan, to insure prompt opening, re-opening, reinstating, or closing of accounts as necessary.

9. *The Billing Department:* A satisfactory overlimit plan whereby the billing department may refer to you daily accounts that are out of line.
10. Prompt posting to the register.
11. Daily reporting of charges on delinquent, profit and loss ledgers and direct payments now in the hands of attorneys.

12. *The Collection Department:* A collection policy that is consistent with the terms outlined at the time the account was opened.
13. A definite date when an account will be termed delinquent.
14. A delinquent account control.
15. An arbitrary plan for determining when an account shall be charged to profit and loss.
16. A profit and loss control.

Right now you may be saying to yourself, "Yes, that would be splendid, but it wouldn't work in my store." We will take up these obstacles of yours a little later.

Now let's analyze the list of controls and show in detail why they must be carefully followed to bring an account within a general sixty-day turnover, with resulting benefits as previously mentioned.

The taking of a complete credit application is essential. We have heard this discussed time and again but—*the importance of it cannot be stressed too strongly*. In taking this credit application we should make it so complete that the bureau will be able to return the information to any store that desires to avail itself of the service. This builds up the credit-bureau files for the ultimate benefit of all inquiring stores, including your own store!

Have you secured references other than trade or business to furnish the collection department with proper leads in the event of a skip? Have you secured sufficient information to provide your collection department with all the available material to effect collection if the account becomes delinquent? Please keep in mind that all of these points are definitely essential to this improved program.

Many a delinquent or profit and loss account may be traced to a half-taken credit application, where the credit bureau has not been permitted the opportunity to furnish a complete report, and the collection department left with little, if anything, to work with.

A definite understanding with the applicant as to terms is very necessary. Many customers develop into habits of partial payment because of failure on the part of the interviewer to *definitely explain* the credit policy of the store. If he does not advise the applicant of the terms at the time of the taking of the application the collection department cannot expect the customer to know how he is going to be expected to pay.

If possible your set-up should provide for a separate card or record file stating the terms in a conspicuous manner, with a place below for the applicant's signature. (We use a 6" x 4" Kraft envelope, which is reproduced, with a complete explanation, on page 8.) This will protect your collection department later when Mr. So and So's account becomes delinquent and the individual claims that the terms were not explained when the account was opened.

Most stores explain their terms in a letter notifying the applicant that the account has been established. Many enclose a pamphlet with the acceptance letter entitled "How to Use Your Charge Account" or similar wording. No exception is ever taken to this method of indirect notification as to terms and it certainly serves to create a mental picture of your store's terms in the minds of your customers.

If the terms are thoroughly explained in this way your collection department will not create any ill will by proper requests for payment of an overdue balance.

Securing a credit-bureau report on each application will aid in maintaining a 50 per cent or sixty-day average turnover or better, and will not permit an indiscriminate collection policy. Furthermore, we have an obligation to our local bureau in that the more reports we clear to the bureau the more we build up their files. Therefore, your requests for a report will contain more complete information. Other stores will benefit thereby as it is a mutual system for the ultimate protection and benefit of us all.

An understanding between the credit interviewer and the applicant (as to amount of credit) is essential. Why is this necessary? There are two very good reasons. It gives your collection department the opportunity, if necessary, of notifying the customer that the amount requested by him has been exceeded. It is a definite guide to properly rating the account. There is often a tendency on the part of the applicant to show a lack of judgment in the purchase of more than he can properly afford. This can be promptly checked by the credit interviewer at the time rather than waiting for the account to form into a pyramid or an overbought account.

For example, a twenty-dollar-a-week stenographer, dependent on her earnings, makes application for an account. The interviewer fails to secure the amount of credit desired and outline the terms before the account is established. Soon she is up to fifty or sixty dollars. What must be done? Either we must call her back to the

office and go over the essentials that should have been explained to her at the time the application was taken or present to the collection department another problem.

It is impossible to maintain a high collection standard and low losses by accepting those accounts where the credit references are inadequate and where the paying habits in other stores are not fairly consistent with our credit policy. Stores in the 50 per cent turnover bracket will turn down from 10 to 20 per cent of their regular account applications, and in this group, with the definitely unsatisfactory applicant, will be found the weak or "on-the-fence" applicant.

Naturally all of us desire sales volume, but we should never forget that our store is in business to make a profit. From this point it is only necessary to take a cross section of the limited rating accounts and compare your losses on them with the amount of the charge sales volume they represent to prove the advisability of rejecting a large proportion.

Where the bureau report indicates that the applicant's paying habits at other stores is not in accord with your terms there is a necessity for further discussion and an understanding of terms before the account is established. The paying habits of the individual are in the main a fixed routine, so if your credit-bureau report indicates general paying habits to run to five months at the other stores the same habits will probably be followed on your account, regardless of the terms and agreement, unless the applicant is again requested to call for the purpose of discussing the slowness at the other stores. Why not do this in your account department and eliminate a collection problem?

LEDGER RECORD		MEMBER OF		DATE	
ACCT. No.		LIMIT		NOTIFIED	
RETAILERS CREDIT ASSOCIATION					
Application for Account					
<small>SPELL CORRECTLY. SURNAME FIRST, GIVEN NAME IN FULL. STATE IF SINGLE OR WIDOW</small>					
NAME OF HUSBAND			NAME OF WIFE		
RESIDENCE ADDRESS			HOW LONG PHONE		
FORMER ADDRESS					
HUSBAND'S OCCUPATION			WIFE'S OCCUPATION		
POSITION FIRM			POSITION FIRM		
BUSINESS ADDRESS			BUSINESS ADDRESS		
HOW LONG PRESENT EMPLOY			HOW LONG IN CITY		
			HOME { <input type="checkbox"/> OWN <input type="checkbox"/> RENT		
BANK			OTHER PROPERTY		
COM. SAVGS. <input type="checkbox"/>			BANK SIGNATURE OR NAME		
COMMERCIAL REFERENCES			COMMERCIAL REFERENCES		
"			"		
"			"		
PERSONAL REFERENCE			NEAREST RELATIVE ADDRESS		
AUTHORIZED BUYERS					
SEND STATEMENTS TO { <input type="checkbox"/> RESIDENCE <input type="checkbox"/> BUSINESS			TOTAL AMOUNT CREDIT REQUESTED		
			TERMS		
			SUBSCRIBER'S CODE NO.		
FOR THE PURPOSE OF HAVING CREDIT EXTENDED ME BY I CERTIFY TO THE ABOVE STATEMENTS AND AGREE TO PAY MY BILLS IN FULL IN SAN FRANCISCO DURING MONTH FOLLOWING PURCHASE.					
APPLICATION TAKEN BY			SIGNATURE <i>The Emporium</i>		
REMARKS					

"The taking of a complete credit application is essential." This is the standard form used in San Francisco.

Credit-bureau reports must be thoroughly analyzed and rated. Too much stress cannot be laid on this important part of the work. A loose credit-extension policy can only result in an increased number of delinquent and "profit and loss" accounts. If a store is satisfied with low collection return, proper loss rating is not essential. However, if collections are to be speeded up and losses and costs lowered, your new accounts must be analyzed and rated, according to ability to pay, before passing on to the billing department.

I should like to impress upon you the all-important part your new account department plays in your credit and collection program. You may say those points are fundamental. That is absolutely correct, and it is the failure of so many of the new account departments that kills all chances to improve the functioning of credit departments. The foundation of the properly operated collection and credit department lies entirely in extending credit only to those applicants who are in a position to comply with your policy, and of having them understand definitely your terms or policy. That is the solid foundation, and the rest of your house of control should be built just as strongly by proper control and a collection policy that ties in with the solid manner in which the ground-work of establishing the account was followed.

In the authorization department proper control must rely in large measure on the prorating of the new applicants in accordance with the customer's ability to pay. It is assumed that the collection department will promptly change ratings, either up or down, on those accounts already on the ledgers.

In addition, the authorization department record should be completely checked against the ledgers every two or three years, if possible. Changing conditions will necessitate many reratings. Also it is not unusual to find discrepancies of address, amount of rating, authorized purchasers, etc., between the ledgers and the authorization record. The personnel of the authorization department must be alert to avoid pyramided accounts and fraudulent purchases.

If possible your set-up should provide for a separate card or record file stating the terms in a conspicuous manner, with a space below for the applicant's signature.

We use a 6" x 4" Kraft envelope, front of which is reproduced at the right. On the reverse is printed the following:

AGREEMENT

I hereby agree to pay my account with THE EMPORIUM in full in San Francisco on or before the 10th day of the month following date of purchase.

A space for the customer's signature follows.

The billing department by means of an overlimit plan may refer to you, daily, accounts that are out of line. Regardless of the new customer's good intentions and the care with which the account has been established, a certain percentage fail to observe the agreement, and control should be set up in the billing department to report promptly such accounts that get out of line.

Many departments fail in this plan either through faulty ratings of accounts or in neglecting to observe established limits. The plan referred to should not be so close as to be unwieldy and yet must be close enough to block any accounts that give evidence of becoming a definite collection problem.

Many accounts become collection problems through slow billing operations. It is obviously impossible to control high-balanced and pyramided accounts if sales are several days late in being posted to the ledger. In addition, it is a serious handicap to the collection department to be required to constantly check several days of unposted cash to protect its work, nor can the authorization department be expected to control the account with a seven-day gap.

Prompt ledger posting will solve this and further control of the ledger department should bring about the posting of all charges to delinquent or profit and loss accounts and all payments transferred to the attorney. Then the collection department will have daily control of these transactions and will be able to take prompt action.

Our program now broadens. Not only must we keep the newly established accounts in accord with the definite terms outlined when the account was opened, but we must also revive our collection department to bring the habitual slow-pay customer to terms. Although it is true that a 30 to 50 per cent turnover indicates a great number of slow or partial payment accounts, these must be adjusted to closer terms. Naturally this will require a change in our collection procedure.

(Continued on page 30.)

FORM 3-117-12-25-22M

CREDIT RECORD

NAME		DATE	
RESIDENCE ADDRESS			
CHANGE OF ADDRESS			
CHANGE OF ADDRESS			
AUTHORIZED BUYERS			
ACCOUNT OPENED BY			
REMARKS			
LEDGER SHEET	RATING	LETTER	RATED BY
COMPLETED	LIMIT AND REMARKS FOR LEDGER		DATED

(OVER)

Treat Your Credit System As a Sacred Trust!

and also

Insure Yourselves Against Possible Losses

with

TELAUTOGRAPHS

(The Modern Method of Handling Credit Information)

WHILE the customer waits, and without his knowledge, you can, by means of Telautograph, obtain in indelible handwriting, credit reports, clearances, etc., quickly and silently. Thus, in a few moments, you have complete information with which to pass or refuse the credit application safely—and to O. K. or hold up delivery of goods, without loss of time, labor or money to the store. At the same time, this check-up is made in such a prompt and silent manner that the customer, protected from embarrassment regarding his credit rating and entirely unaware of what is transpiring behind the scenes, is pleased with this courteous service—and naturally feels more inclined to make additional purchases—resulting in increased revenue to the store.

With the approaching fall season and its concomitant improvement in trade, you will open many new accounts. But unless you handle them with dispatch and courtesy, your sales will suffer and the money you spend on expensive advertising to attract new customers will almost go for naught. The one way to handle credit data with speed as well as satisfaction to both the customer and store is via the Telautograph to your bureau.

*After complete investigation 153 stores adopted Telautograph
for communication to 25 bureaus. Why not investigate
now their reasons for adopting this system?*

Two additional stores—Pauson & Company of San Francisco
and Kennedy's of Boston—just ordered our service.

Telautograph Rentals Rarely Exceed \$1.00 Per Day for Each Store!
We Have a Branch Office Near You—Send for Our Man Now!

(NO OBLIGATION—OF COURSE)

TELAUTOGRAPH

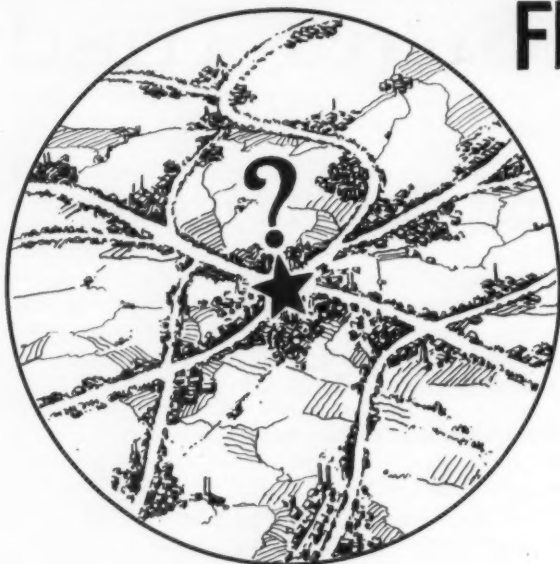
16 W. 61st St.



CORPORATION

New York City

Credit Reports as True Indicators of Flow of Retail Trade



By ARTHUR H. HERT

Secretary and Research Director, National Retail Credit Association

Trading areas can't be accurately defined by the customary "circle" map. They usually overlap

WITHIN the past few years an increasing amount of attention has been given to the scientific study of the basis for the determination of retail trading areas. Managers of Credit Sales throughout the United States have become vitally interested in any information that will help them analyze or explain (even in part), the retail trading areas surrounding their cities.

People living in smaller cities and towns are willing to travel a long distance to take advantage of retail services offered in connection with style and specialty goods in stores in near-by cities. At the same time a certain amount of standardized goods will usually be purchased in conjunction with the purchase of style and specialty goods. This policy may not result in a saving inasmuch as standardized goods can usually be purchased in the home town at the same price as in the near-by city.

No one state can be considered a retail trading area, but rather it is made up of a number of areas, each containing various characteristics and factors that relate directly to the particular geographical regions in which these areas are located. Many attempts have been made in the past to outline a city's retail trade area; however, most of these are inadequate and are not based on the recognition of all the factors involved. These attempts are usually accompanied by a map with a circle drawn around a city with the claim that the area within the circle belongs to that city and it is entitled to and should draw the retail trade from that area. Trading areas, however, do not come up to a line and then suddenly stop—they usually overlap.

In order to obtain a true picture of any city's retail trading area it would be necessary to check every dollar's worth of merchandise that people living in the surrounding cities and towns buy in that city. It is not possible to obtain this information.

However, it is possible to analyze the number of requests for consumer credit reports from the larger cities

Table "A"—Analysis of Flow of Consumer Credit Inquiries

City A						City B			
*Surrounding Cities and Towns	1930 Population	Miles from City A	Total A's Newspaper Circulation	Inquiries Requested by City A	Per cent of Total	Miles from City B	Total B's Newspaper Circulation	Inquiries Requested by City B	Per cent of Total
1	5,128	73	928	18	.28	215	34	5	.10
2	7,814	102	1,296	101	1.60	178	135	68	1.29
3	2,956	123	338	25	.39	165	39	5	.10
4	4,565	138	438	109	1.69	152	122	20	.38
5	5,697	142	668	17	.26	177	212	4	.08
6	11,445	157	1,472	70	1.09	116	329	62	1.18
7	6,748	185	712	73	1.13	138	534	38	.72
8	6,579	188	123	25	.39	93	263	60	1.14
9	15,202	203	47	10	.16	59	1,775	157	2.99
10	7,069	226	—	2	.003	36	1,139	132	2.51
Total				450	6.993	551 10.49			

*Shown by numbers rather than names for obvious reasons.

to surrounding cities and towns. A geographical distribution of these requests portrays to a certain degree the extent of a city's retail trading area. When a customer living in a smaller city opens a charge account in a store in a larger near-by city, that store requests the credit bureau to obtain the antecedent history and paying habits from the credit bureau in the town where the prospective customer lives. This procedure places the credit bureaus of the nation in a strategic position to ascertain the flow of trade out of their cities into other cities, as well as the flow of trade into their cities from surrounding cities and towns.

When an out-of-town prospective customer applies for a charge account in the store of a large city and a credit report is requested from his home-town bureau, it does not necessarily mean that an account will be opened. However, in this day of brisk competition, it is reasonable to believe that new accounts will be opened on all requests for credit information unless these reports indicate that the applicant does not have the capacity or willingness to pay. About the only use that is made of the majority of these reports then is to set the limits the customers can safely buy according to their actual ability to pay. Credit executives agree that out of ten requests for credit information sent to surrounding cities and towns, seven or eight new accounts will be opened.

It is not unreasonable to believe, then, that the percentage of total inquiries received by each city and town represents the percentage of total actual trade obtained from that town by a near-by city. In other words, if Town B received 2 per cent of the total inquiries sent out by near-by City A, then 2 per cent of the total trade that City A attracted from surrounding cities and towns, came from Town B.

Likewise, it is reasonable to believe that if all the out-of-town charge accounts received at the largest retail store of City A were added together, the geographical distribution of these accounts would not vary materially from the distribution of requests for credit information. It is also safe to say that if the stores of a city do not have on their books the accounts of people living in surrounding cities and towns, they do not enjoy much business from those cities and towns.

In addition to the geographical analysis of credit reports, the out-of-town circulation of the daily newspapers should be summarized. (This information can be secured from the Audit Bureau of Circulation reports for each newspaper, which will indicate the circulation of each in every surrounding city and town.) This summary makes possible a comparison of the number of consumer credit inquiries received by each surrounding city and town and

the total newspaper circulation by all the newspapers in those cities and towns. Inasmuch as the daily newspapers carry the message of the merchant to the prospective customers in the territory surrounding any city, newspaper circulation must be considered an important factor in the determination of retail trading areas.

Many state highway commissions are making traffic studies and are placing this information on highway maps. The roads are usually drawn on a scale representing the average number of automobiles passing various points for an indicated number of days. The number of automobiles entering or leaving a city is another indicator of the relative amount of retail trade which that city draws from surrounding cities and towns. The information regarding credit inquiries as well as newspaper circulation could then be placed on highway maps for comparison.

Using the technique outlined above, the author, some time ago, made an analysis of over 24,000 consumer credit inquiries covering a period of one year. These inquiries were analyzed as to their origin as well as their destination and the information placed in tables as well as on maps.

A sample table from this analysis showing the flow of consumer credit inquiries from City A (population 290,000) and City B (population 260,000) to 10 surrounding cities and towns is shown in Table "A." The distance between City A and City B is 262 highway miles. For obvious reasons the names of the cities and towns have been omitted.

This table shows that City A sent 450 consumer credit inquiries to the 10 cities and towns indicated which represent 6.993 per cent of the total while City B sent 551 consumer credit inquiries to the same 10 cities representing 10.49 per cent of the total. The balance of City A's inquiries (6,306 or 93.007 per cent of the total) were sent to 130 other surrounding cities and towns while the balance of City B's inquiries (5,082 or 89.51 per cent of the total) were sent to 149 other surrounding cities and towns. This table indicates conclusively that retail trading areas overlap—as well as the extent to which they overlap.

A distribution of the consumer credit inquiries to surrounding cities and towns in various population ranges is shown in Table "B."

There is not a great deal of difference between City A and City B in the total number of cities they sent inquiries to nor is there much difference in the total number of inquiries between the two; however, there is a considerable difference in the distribution of the inquiries. City A sent 67.12 per cent of its inquiries to 125 cities with 25,000 population or less while City B sent 88.63 per

Table "B"—Showing Distribution of Credit Inquiries by Population Ranges

	Cities Receiving Inquiries From City A	Inquiries	Per Cent of Total	Cities Receiving Inquiries From City B	Inquiries	Per Cent of Total
Less than 2,500	31	992	14.68	36	182	3.22
2,501 -- 5,000	43	1,630	24.14	45	665	11.81
5,001 -- 10,000	34	1,351	20.00	43	1,926	34.20
10,001 -- 25,000	17	561	8.30	20	1,656	29.40
Above 25,000	15	2,222	32.88	15	1,204	21.37
TOTAL	140	6,756	100.00	159	5,633	100.00

cent to 144 cities with 25,000 population or less. This would indicate that City B had more pulling power than City A.

On the other hand—City A sent 32.88 per cent of its inquiries to 15 cities and towns above 25,000 population while City B sent only 21.37 per cent of its inquiries to 15 cities and towns. It appears then, that City A was able to attract more trade from larger cities and towns than City B. This class of trade is considered more desirable because the people with the greater purchasing power usually live in the large cities.

The above information regarding the flow of consumer credit inquiries as well as other factors affecting retail trading areas can be worked out for any city, no matter how large or how small. It must be remembered that small towns and villages have trading territories as well as large cities. Often, in cities and towns where the merchants and credit men think they enjoy a large amount of out-of-town trade, a study of this nature will reveal an entirely different situation.

Such studies will, after all, enable managers of credit sales to select the trading areas most likely to give the greatest response to charge account solicitation. Then too, they will refrain from soliciting out-of-town trade from those cities and towns from which account solicitation has proved unprofitable. On the other hand, it might reveal that some cities and towns had possibilities for solicitation that had heretofore been untouched.

At the same time, the manager of credit sales will also want to know something about the nature of the occupations of the population in the various cities and towns located in his trading area. He will want to solicit only those people who have the income and the ability to pay, which are entirely dependent on their occupations. Occupation alone indicates the size and regularity of income. Information concerning the number of people engaged in various occupations for every city in the nation can be secured from the United States Department of Commerce, Bureau of the Census.

Other factors which might affect the retail trade influence of a city are:

1. Radio facilities.
2. Social and amusement attractions.
3. Transportation facilities.
4. Leadership of owners and managers of various business interests.

There are certain general conclusions that can be drawn from an analysis of this kind. They are as follows:

1. Out-of-town trading increases in about the same ratio as the population of the city increases.
2. The out-of-town business of a city decreases faster than the distance from the city increases.
3. In some communities, newspaper circulation is poorly coordinated with out-of-town trading while in other communities it is well coordinated with out-of-town trading.
4. Retail trading areas always overlap. They do not come up to a line and then suddenly stop.

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The annual convention of the Oregon Retail Credit Bureaus will be held at Grants Pass, Oregon, September 10 and 11. Convention headquarters will be at the Redwoods Hotel.

Minneapolis Celebrates Twenty-Second Birthday of the National Association

The Twenty-Second "Birthday" of the National Retail Credit Association (August 17) was made a day of official and special celebration on the part of the Retail Credit Association of Minneapolis. Each year the Minneapolis Association holds an Annual Golf Tournament, and President Benj. F. Collins in his call for the celebration coupled the birthday party with the Golf Tournament. Thirty foursomes of Minneapolis credit men hied themselves to beautiful "Bloomington on the Minnesota," to celebrate the dual occasion, and to pay tribute to the "Father of the Credit Association," S. L. Gilfillan.

The banquet, following the tournament, was presided over by Mr. L. G. Wilcox, a member of the Minneapolis Association for the past 25 years, who presented Mr. Gilfillan to the assembled guests.

Mr. Gilfillan would not have it that the birthday celebration of the NRCA was in any way a tribute to him. He stated that the accomplishments of 22 years of association history must simply be the reflection of greater progress and organization for the future.

"There is no room for selfish motives," said Mr. Gilfillan. "Our problem is one in which we must all cooperate to help one another, and enjoy the fruits of our success collectively. My message, to you my fellow-credit men assembled here today, and to the officers and members of our National Association throughout the country, is that we must not evaluate our Association in terms of age, but rather in the spirit of youth with its vigor and ambition. I say to you that today we are not 22 years old, but rather 22 years young.

"As I stand here my memory is fresh with the gathering in a small hotel room at Spokane, Washington, 22 years ago—there were not more than a dozen of us there at the time. I wouldn't say that we did not have vision, but I must admit that by no stretch of the most vivid imagination did we realize that our association would develop and grow into the far-flung organization which the National represents today.

"It is now just entering on the threshold of greater accomplishments. I believe it has the character to climb the summits of achievement. I believe it has the courage to overcome all obstacles. The finest gift to the Association on this, its twenty-second birthday, would be your pledge to enlarge its scope with an increased membership. We have the potentiality for service beyond our fondest dreams."

Editor's Note:

In recognition of the special celebration staged by the Retail Credit Association of Minneapolis, honoring Sherman L. Gilfillan, the "Father of the National Association," on the twenty-second anniversary of the founding of the National Retail Credit Association, we are reproducing Mr. Gilfillan's photograph on the front cover of this issue of *The Credit World*.

This, we believe, is only a fitting tribute to "Gil's" untiring efforts in behalf of the National Association since its inception. He was one of its founders and its first president. At the time, he was Credit Manager of L. S. Donaldson Company of Minneapolis and is now Secretary of the Minneapolis Credit Service Exchange, Inc.

Do Present Conditions Demand a Change in Credit Policy?

By CHRIS JENSEN

Credit Manager, The Crews-Beggs Dry Goods Company,
Pueblo, Colo.

[An Address Before the Tri-State Convention (Colorado, Wyoming and New Mexico) of Bureau Managers, Pueblo, Colorado, August 13 and 14, 1934]

DO PRESENT conditions demand a change in credit policy? A direct answer to this question would be yes, that is, if you do not have a control on each account on your books. Credit policy depends on store policy—strict, liberal, or very lenient, and present conditions are different in some ways from what they were ten years ago, especially from a credit standpoint, due principally to changes in income.

We are faced with the problem of being a little short on capital, and hence our capacity is more limited than it was. Credit must be regulated and based on individual income, more so now than in previous years, due to employment conditions. But we still have the most important factor in credit and that is character.

If a credit applicant has character, there is no reason why we should not extend credit just as safely now as in the past, but we must know the capacity of each account and control it accordingly. This is not a new remark, but so many retailers and credit granters neglect to watch their accounts in this way. As an example: A working man who has a salary of one hundred dollars per month should not be permitted to run a monthly account up to two or three hundred dollars. This does happen and in many cases results in loss to the credit granter of not only the account but also loss of the customer.

To extend credit in times like these without sustaining too large a loss on bad accounts, we must have certain facts which I am listing under five headings. These facts are not new, but must be mentioned again and again and brought to the attention of the credit granters:

1. *Know your customer*—by the use of the Credit Application Blank.
2. Get an *up-to-date* credit report from the Credit Bureau before accepting or declining the account.
3. *Explain your terms* to your customers when they ask for an account.
4. Control your accounts.
5. Collect your accounts when due.

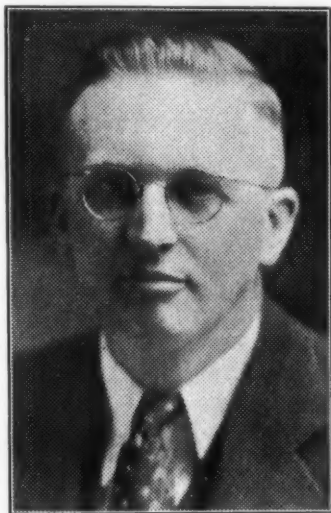
Let us take each of these five divisions separately and go into them in detail. I believe you will understand why I have divided them up as I have. It all leads up to better credit conditions which is what both credit granters and credit-bureau managers are working for, too.

Under my first division I said, "Know your customer." This part of my message should be preached by you as bureau managers every day to your members because the better your members know their customers the more complete your files will be, the better the reports you receive will be, and the less trouble you will have.

We have found in practice that by using the credit application blank on every new account we get to know our customers better. This application is given to the customer to fill out and then checked over with the customer so that every point of data that we want is obtained. In getting the name we ask the customer to always write it in full and to also give the wife's first name if the applicant is a married man.

The present address, of course, is very important, and we usually inquire as to how long the customer has lived at that place. If only for a short time, we secure a former address for identity purposes. Our application blank also asks for business or occupation which we allow the customer to fill in, also giving the name of the employer and the length of time employed. If that is only a short time we ask further as to what his previous employment had been and how long he was at that job. The purpose of this is to establish whether or not the applicant is a floater.

Then there is a question as to whether he owns his home, furniture and automobile. This is to establish whether he is permanent or will be moving on to some other place soon. For the purpose of locating the party should the occasion arise, we try to secure the name and address of parents or relatives, as we have found persons can nearly always be located in that manner. Our application blank asks for the name of the bank dealt with, and also if the account is a savings or a checking account. In most cases a checking account does not mean much,



Chris Jensen

but a savings account indicates thrift and in nearly all cases such persons are good credit risks.

We ask, of course, for credit references, that is, names of firms with whom the applicant has had credit. Many times we are given only one or two, and in such cases we usually find the credit bureau has much more information. On our credit application we always ask for the name and address of a personal friend, someone who is well acquainted with the applicant. We find this a great help later in locating the person if it becomes necessary. There is also the question of who can buy on the account. We always try to secure the names of all persons who will have this privilege so there will be no delay in authorization when purchases are made. The last part of the application is a written statement whereby the applicant agrees to pay his account in full each month. Nearly everyone reads this before he signs the application.

My second division of "get an up-to-date credit report," perhaps interests you bureau managers the most, as it must come directly from your offices. On this point I shall elaborate from the credit granters' standpoint. As credit granters—after we have taken an application for credit and secured as much information from the applicant as possible—what do we want in a report?

We want facts, not opinions. It does not help much to get a report that says the applicant is "O.K." or that a certain member thinks he is. We would rather have, "He trades here but not on credit." What a help it would be if you bureau managers would educate your members to give "facts," only.

We would like to have your office secure the reports in such a way that we members will know just how long it does take our applicant to pay his bills. The report is not complete many times, but simply says he is prompt, good or slow pay. What we would like to know is the length of time in days or months. It has been proved that the interpretation of prompt, good and slow is understood in a different way by the different members.

One member may consider a bill settled in thirty days as prompt while another will consider a bill settled once a year in that classification. This does not apply to the installment account. It does, however, apply to monthly accounts. Therefore, we would like to have you put this in your educational program so that a member will tell just what the ledger experience has been, and not an opinion.

After the report from the credit bureau has been secured, and contact with the applicant has been made, and the information on the blank obtained, we should be able to decide whether or not to accept or reject the account.

Right here I would like to touch on the nonresident report. This inquiry for credit is obtained through out-of-town orders in which we as credit granters lack the information mentioned on the credit application. All we have is the name and address and possibly the occupation, but in no case are there mercantile references. We give your bureau all the information we have and ask you to write to the place of residence for a report. Many times it comes back to us incomplete. In fact, we have received reports from some of your bureaus that contain no more information than we have already given and still had to pay for it.

Would it not be possible in a case where we have no

mercantile references to check up with the local merchants to see what experience they have had with this individual and thereby give us a better idea of what sort of person our prospective customer is? When incomplete reports are received, we may, perhaps, do a customer an injustice by refusing credit he is entitled to and which could have been granted on complete information.

I would like to take a few minutes to talk about accounts accepted in which no reports were called for through the bureau. Many times we are given names of firms, members of your organization, as reference and the bureau has no record of credit granted. This means a check-up before a complete report can be given. Would it not be possible for you, as bureau managers, to ask your members to give you the name and address of any new accounts even though no report is wanted?

In this way practically every account in file would be registered and you in turn would be in a position to give more complete information to the members who are interested in data on the customer. It would also register this account in the bureau so that if anything unusual should come up this member would be notified as well as any other member who had asked for a report. I believe you could prove to your members that it would be money saved to register all new accounts in your office.

(Continued on page 31.)

APPLICATION FOR CREDIT

at

The Crews-Beggs Dry Goods Co.

Name	Give name in full, both husband and wife.	
Present Address	(How Long)	
Former Address	(How Long)	
Business or Occupation		
Employed by	(How Long)	
Do you own your home	Do you own your furniture	
Do you own an automobile		
Relative or Parent's Name		
Address		
I Bank with	Savings Acct.	
	Checking Acct.	
I have credit with:		
Personal Reference	Name	
	Address	
Other Buyers on This Account		
I hereby agree to pay my account at THE CREWS-BEGGS DRY GOODS CO., in full, on or before the..... of the month following purchase.		
Signed.....		
Dated.....	19.....	
Credit Limit.....		

Note the definite agreement on date of payment.

And Now--The Blue Book of Credit and Collection Letters!

A NEW book, prepared especially for members of this Association, containing tested, proved collection letters; letters to revive inactive accounts and letters to bring in new accounts; "skeleton" letter ideas that you can adapt to your own letters.

Letters for every credit and collection department need—33 of them—any one of them worth more than the special price we have made on this book.

"Good horse sense in every line of it," wrote one member. "Wonderful letters"; wrote another, "and worth plenty to retailers who will use them." Hundreds of letters complimenting the book have already been received. Extracts from a few of these are shown at the left.

A glance at the subtitles will give you an idea of its contents:

What Members Say:

"A series of exceptionally good letters. Should bring excellent results."
—(Montana)

"Consider this book very useful and valuable for any credit store, large or small."
—(W. Va.)

"Well worth several times the cost of a National Membership."
—(California)

"Worth any credit man's time to use it."
—(Ohio)

"The book is indeed a great help to us and it is a wonderful piece of work."
—(Texas)

"Contains excellent ideas and suggestions that will assist us in our Collection Department."
—(Virginia)

"I am sure these letters will be of material value to me."
—(Illinois)

"These letters and suggestions should be a great help in the office of any credit grantor."
—(Canada)

"A very interesting and helpful book."
—(Michigan)

Make Your Letters More Effective—With the "You" Viewpoint

The Secret of Prompt Collections—Uniform Credit Procedure

Starting New Accounts Off Right (With a series of letters for use on new accounts)

Educating Old Customers to Pay Promptly (With a series of letters for use on old accounts)

Installment or Budget Account Letters

Special Letters for Special Problems

Letters to Revive Inactive Accounts (With reports of actual results)

Letters That Build New Charge Account Business (Actual letters shown)

Order this new book today. Use the letters—to speed up collections—to revive inactive accounts—to develop new charge accounts—to "educate" slow-pay customers.

SPECIAL PRICE \$1.00 POSTPAID

(To members only; to non-members,
\$1.50 postpaid)

National Retail Credit Association

1218 Olive Street

St. Louis, Missouri

Comparative Collection Percentages

DISTRICT	CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						FURNITURE STORES (Open Accounts)						FURNITURE STORES (Installment Accounts)						ELRY	
		1934			1933			1934			1933			1934			1933			1934			1933			AVERAGE	LOWEST
		AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST		
1.	Providence, R. I.	44.6 ¹	56.0	42.0	43.3	54.4	42.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.	Syracuse, N. Y.	32.7 ¹	41.4	25.0	25.4 ¹	28.1	19.3	17.8	20.5	13.9	16.8	18.2	15.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	New York, N. Y.	45.4 ¹	58.6	40.2	45.4 ¹	53.4	32.9	12.3	22.3	12.5	17.7 ¹	21.1	9.9	—	57.0	—	—	—	—	—	—	—	—	—	—	—	—
	Pittsburgh, Pa.	41.1 ¹	52.4	31.0	37.1	49.0	25.6	14.3	18.3	11.8	15.5	21.0	11.1	—	—	—	—	—	—	—	—	—	—	—	—	—	46.4
3.	Washington, D. C.	36.9	47.1	32.3	—	—	—	10.4	12.5	5.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4.	Birmingham, Ala.	40.6	45.0	34.0	30.7	34.4	27.0	14.6	21.1	10.0	13.2	14.5	12.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Baton Rouge, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5.	Kansas City, Mo.	57.4	73.9	47.8	56.0	75.6	44.3	23.3	32.8	13.8	21.5	28.5	14.5	54.8	74.0	35.7	46.1	58.0	34.3	11.0	14.3	7.2	11.2	15.7	6.5	—	—
	St. Louis, Mo.	47.2	55.6	42.4	43.6	52.9	37.6	18.3	26.2	13.8	17.0	20.6	13.7	—	71.3	—	—	59.2	—	—	—	—	—	—	—	—	—
6.	Springfield, Ill.	28.1	32.8	21.2	22.1	30.1	9.2	—	—	—	—	—	—	—	—	—	—	—	—	19.0	24.0	14.2	14.3	18.1	8.0	29.4	16.9
	Grand Rapids, Mich.	34.2	35.6	31.8	22.9	30.6	16.2	—	—	—	—	—	—	—	—	—	—	—	—	10.9	15.1	7.3	8.4	12.5	5.9	—	—
	Toledo, Ohio	36.7 ¹	44.6	36.5	30.6 ¹	34.9	28.8	13.4	15.5	13.0	—	—	—	—	—	—	—	—	—	7.5	9.8	5.3	—	5.1	—	—	—
	Cleveland, Ohio	38.8 ¹	43.9	38.0	32.8 ¹	35.5	27.4	—	—	—	—	—	—	—	33.8	—	—	34.9	—	—	—	—	—	—	—	—	—
	Milwaukee, Wis.	39.0 ¹	52.2	35.1	—	—	—	14.9 ¹	20.0	12.2	—	—	—	—	—	—	—	—	—	8.2 ¹	—	—	—	—	—	—	—
7.	Minneapolis, Minn.	55.0 ¹	63.7	51.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Omaha, Neb.	37.7	—	—	—	—	—	13.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8.	Tulsa, Okla.	55.0	61.7	51.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Oklahoma City, Okla.	53.1 ¹	58.9	45.6	49.2 ¹	52.3	38.0	12.0 ¹	13.2	8.8	11.5 ¹	14.9	6.7	—	46.6	—	—	—	—	14.9	16.5	13.3	—	—	—	—	—
9.	Denver, Colo.	40.1	42.8	39.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Salt Lake City, Utah	48.4	52.2	46.3	41.0	46.8	37.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10.		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11.	San Francisco, Calif. ¹⁰	34.4 ¹	48.4	28.9	36.5 ¹	49.4	28.5	18.3 ¹	28.8	12.1	18.3 ¹	29.1	12.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Los Angeles, Calif.	59.0 ¹	61.6	46.9	56.0 ¹	59.1	43.3	19.5 ¹	27.8	15.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Santa Barbara, Calif.	53.7	—	—	46.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

¹Median.—The median is defined as the central item in a series of items arranged in the order of their magnitudes. If City A reported the collection percentages for 5 department stores as 27.4, 28.6, 32.7, 33.4 and 35.5, the median item is 32.7.

¹⁰Laundry.

¹¹Heating.

¹²Plumbing Supply.

¹³Lumber.

Help Your Legislative Committee!

Your Legislative Committee has prepared an intensive campaign for this year and its success or failure is contingent, to a large degree, upon the cooperation of the entire membership of the N. R. C. A.

The Association at Memphis, in convention assembled, adopted a resolution endorsing the bankruptcy amendments as recommended by the Legislative Committee and urging their enactment into law. In view of the importance of this legislation your committee holds the opinion that the entire strength of the association should be marshalled behind this movement.

To this end the following suggestions are advanced:

A. Every local association should organize, if they have not already done so, a legislative committee and appoint as its chairman a local business man of standing and influence in the community. The name of the chairman with his office address,

telephone number, and business connections should be sent to headquarters at St. Louis where a roster will be maintained. Duplicate copy should also be sent to the Washington Office of the N. R. C. A., 503 Colorado Bldg., Washington, D. C.

B. The chairmen and members of the local legislative committees should have in their files copies of folders Nos. 1, 2, 3, 4, and 5, of the Legislative Committee embracing the six-point bankruptcy program of the N. R. C. A., with accompanying explanations and status of the same. If these folders do not supply sufficient information, write to National headquarters or to the Washington office for an explanation but endeavor to have the questions to be answered made as clear as possible.

C. Legislative chairmen should immediately advise National headquarters and the Washington office what can be done in the way of publicity in their local daily press. General publicity releases can and will be prepared by Washington headquarters for use by legislative chairmen but these releases will be prepared in such fashion as to be susceptible of local use with a few changes.

D. When legislative chairmen thoroughly familiarize themselves with the bankruptcy amendments, they should then get

Prices - - August, 1934 vs. 1933

JEWELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						WOMEN'S SPECIALTY STORES						MISCELLANEOUS						
1933					1934			1933			1934			1933			1934			1933			1934			1933			
AVERAGE	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	AVERAGE	HIGHEST	LOWEST	
—	—	—	—	—	—	—	—	—	—	—	—	52.4	—	—	55.8	—	—	—	—	—	—	—	62.0 ¹	78.6 ¹	30.0 ¹	53.0 ¹	79.1 ¹	33.3 ¹	
—	—	—	—	—	48.5 ¹	59.0	28.0	35.0	47.0	23.0	—	—	—	—	—	—	—	40.2	—	—	40.1	—	67.3 ¹	54.1 ¹	17.0 ¹	41.7 ¹	50.9 ¹	17.9 ¹	
—	—	—	10.0	—	47.0 ¹	58.7	36.9	45.0 ¹	54.6	33.6	—	58.8	—	55.7	—	42.2 ¹	50.1	24.7	42.3 ¹	48.4	25.5	51.9	88.0 ¹	30.1 ¹	52.6	67.0 ¹	27.7 ¹		
46.4	41.9	36.2	45.0	28.9	—	29.4	—	—	32.7	—	50.6	57.2	44.0	46.9	55.8	38.0	—	—	—	—	—	61.0 ¹	87.6 ¹²	28.7 ¹¹	60.4 ¹	84.0 ¹³	14.0 ¹¹		
—	—	—	—	—	42.7	47.3	38.1	—	—	—	—	—	—	—	—	—	—	38.9	—	—	—	—	—	—	—	—	—		
—	—	—	16.5	—	40.7	57.0	36.0	25.7	27.4	24.0	—	—	—	—	—	—	—	—	—	—	—	60.6 ¹⁰	70.0 ¹⁰	50.0 ¹⁰	53.9 ¹⁰	57.8 ¹⁰	50.0 ¹⁰		
—	—	—	—	—	—	29.7	—	—	21.5	—	—	13.6	—	—	8.4	—	—	—	—	—	—	—	28.9 ⁸	—	—	22.0	—		
5	—	—	—	—	39.9	49.1	24.6	38.5	49.3	21.3	43.5	46.0	41.0	44.3	46.0	42.7	—	—	—	—	—	—	—	—	—	—	—		
—	—	—	48.0	—	39.5	41.6	37.3	39.9	41.0	39.1	—	54.4	—	—	47.5	—	40.6	48.1	33.3	34.8	44.6	30.0	—	66.9 ⁷	—	—	51.4 ⁷		
0	29.2	16.9	26.6	31.0	23.2	23.6	31.0	18.9	18.0	20.0	16.0	31.2	34.7	28.8	28.8	31.3	27.0	24.7	27.4	22.0	24.5	26.0	23.0	29.2 ¹	38.4 ¹	24.0 ¹	32.0 ¹	42.7 ¹	26.0 ¹
9	—	—	—	—	42.9	61.8	30.6	33.9	47.7	20.2	—	—	—	—	—	—	40.2	50.8	32.0	32.5	42.8	23.8	57.6 ¹⁰	76.4 ¹⁰	44.7 ¹⁰	45.9 ¹⁰	60.0 ¹⁰	25.2 ¹⁰	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40.4	40.5	40.3	—	—	—	52.1 ¹	76.0 ¹¹	42.0 ¹⁰	40.0 ¹	58.0 ¹¹	39.0 ¹²	
—	—	—	23.7	—	41.1	42.7	39.5	32.0	34.8	29.2	42.8 ¹	45.4	40.3	—	36.5	—	41.1 ¹	42.7	39.5	32.0 ¹	34.8	29.2	55.0 ¹	61.0 ¹	49.0 ¹²	52.0 ¹	61.0 ¹	44.0 ¹³	
—	—	—	—	—	—	—	—	—	—	—	—	42.0	—	—	—	—	38.5	41.0	36.9	—	—	—	55.7 ¹	56.4 ¹²	55.0 ¹	—	—	—	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	48.2	61.3	40.0	—	—	—	—	78.8	—	—	—	—	37.4	43.9	35.0	—	—	—	45.6 ¹	49.0 ¹⁰	42.3 ¹	—	—	—	
—	—	—	—	—	45.4	47.1	45.3	36.7	37.6	35.9	—	—	—	—	—	—	—	—	—	—	—	—	—	78.9 ¹³	—	—	62.9 ¹³	—	
—	—	—	—	—	45.6	46.3	44.9	—	—	—	44.6	55.0	34.2	—	—	—	—	39.3	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	33.0	40.5	27.6	32.1	41.5	29.2	33.0 ¹	51.3	31.6	37.4 ¹	52.0	32.2	30.0 ¹	43.0	25.1	33.4 ¹	41.7	25.0	—	—	—	—	—	—	
—	—	—	—	—	45.9 ¹	59.1	40.3	50.4	60.1	40.6	55.1	58.1	52.1	57.2	62.7	51.7	57.2 ¹	59.2	44.0	48.4 ¹	59.4	45.0	—	56.0 ¹⁷	—	—	—	—	
—	—	—	—	—	—	—	—	—	—	—	44.5	—	—	44.4	—	—	—	—	—	—	—	—	60.9 ¹³	—	—	55.4 ¹³	—	—	

per and Paint.
oil.
cleaning and Dyeing.
carpet and Rug Cleaning.

¹⁰Tires, Gas and Oil.
¹¹Builders' Supplies.
¹²Auto Repair and Dealer.
¹³Grocery.

¹⁴Also includes Oakland and Berkeley, California.

in touch with the candidates of both parties who have been nominated for Congress in their respective districts and endeavor to obtain from them a pledge of support for these amendments, if elected. This should be done without delay and these pledges should be in writing whenever and wherever possible. Results should be reported to National headquarters at St. Louis and to headquarters at Washington, D. C.

E. The Committee would also like to be advised from time to time as to proposed state legislation which is of interest to other states because it is of a uniform character.

If our local units throughout the country will follow suggestion "D" it is possible to accomplish a great deal of the so-called ground work before Congress convenes next January.

Presenting our amendments to your Congressional representatives at this time will give them ample opportunity to study them and your local committee should try to receive their promise of support.

Please do not overlook "Publicity" as mentioned in suggestion "C." It will prove of great assistance in creating a demand for suggested legislation.

The N. R. C. A. has before it an opportunity to be of real service to the retail merchants of the country but it will take united effort to accomplish results.

The National Committee will solicit the aid and assistance of other retail organizations but must depend upon local committees to keep the home fires burning within our own organization.

James R. Hewitt, Chairman
The Hecht Co., Washington, D. C.

W. J. Morgan
Brooks Bros., New York

Harry V. Ostermeyer
Woodward & Lothrop, Washington, D. C.



"Personal Call" Collections

By GRANT C. BRAMAN

Credit Manager, Bedell's, Portland, Ore., Chairman, Adjustment
Department Committee, Retail Credit Association of Portland

THE subject of outside collectors is one that is discussed pro and con at every gathering of credit granters. For that reason I feel that managers of credit sales as well as managers of retail collection departments will be interested in what might be termed a "cooperative plan," which originated in Portland and which has been very successful.

Mr. Bernard B. Cantor, Manager of the Adjustment Department of the Retail Credit Association of Portland, is author of the plan which he calls the "Personal Call" Collection Service. In effect, it provides the merchant, through the facilities of the Adjustment Department, with an "outside collector" service on a flat fee basis.

The "Personal Call" Collection Service, under the very capable guidance of Mr. Cantor, has been a success from its inception inasmuch as it fills a long-felt want with the merchants. In fact, it is a real boon to small retailers. It gives them the advantage and prestige of having a personal representative in making collections—at a fixed cost.

In addition, the reports obtained by personal contact give the merchant an insight into the home conditions of the debtor. The intimate "picture" thus obtained serves as a guide in future dealings and cannot be obtained in any other way than by personal call.

This plan, too, enables the retailer to repossess small articles or goods sold on a conditional sales contract—all this without having the expense of hiring a collector. Firms in Portland have been enabled to discontinue the services and expense of regular collectors and yet retain all the advantages.

Full details of the plan were given by Mr. Cantor in an address before the Supervising Collection Department at the Memphis Convention. It was later published in the *Service Bulletin*. However, it has not reached those who will profit most by the adoption of the plan—the credit granters of the country. So, with Mr. Cantor's permission, I am reproducing below the gist of his address:

Personal Call Collection Service must, of necessity, be applied to the community in which it has been operated. Any facts submitted to you will, of course, be those experienced through actual operation of this unique service, developed in Portland, Oregon.

Following the days which have gone down in history as the "era of prosperity," there was experienced throughout the world in general, and the City of Portland in particular, a devastating condition of reduced income to

the merchant, and, as in many other parts of the country, the increasing problem of reducing overhead expense. The mistaken opinion of many a merchant that his Credit or Collection Department was the least productive of income, resulted in the personnel of this specific department being continued with the lowest possible number. That eliminated the most essential means of salvaging the income already acquired and which, it is reasonable to assume, was to be collected in the usual course of business.

It daily became more evident that many businesses would continue only if it were possible to collect the accounts receivable. This became increasingly difficult to do, especially where it had been necessary to eliminate outside collectors. And so, with their usual keen foresight, and their deep-rooted interests in the welfare of its membership, the Board of Directors of the Retail Credit Association of Portland, Oregon, in January, 1931, inaugurated a service which was known as "Current Collection Service" and which is now universally known as "Personal Call Collection Service."

Personal Call Collection Service employs efficient representatives who make personal contact with the debtor of the merchant. The employee is known as the creditor's representative, and neither the name of the Adjustment Department, nor the Retail Credit Association is used by the individual in making the contact. It is intended for use in the handling of current accounts, not more than 150 days old from date of last purchase or payment, no distinction being made between open and contract accounts.

It is not intended as a medium for locating, but it has been effective in this field. It has made possible the follow-up of numerous debtors who have moved and who, intentionally or otherwise, neglected to advise the creditor of change of address.

The service was originally offered at specific contracts for a given number of calls. Obviously, the larger users reaped the benefit of a lower rate because of the volume used, while the small user paid a higher rate based on the number of calls made. For example, the three contracts offered to the users were: 25 calls, \$10.00; 50 calls, \$15.00; 100 calls, \$25.00; or, a price range from 25c to 40c per call.

For twenty-seven months this service was used by 36 subscribers. During that period 15,569 calls were made, resulting in the collection of \$21,941.11, exclusive of remittances made direct to the creditor, which information was not transmitted to us.

With the change of the Federal Administration, and the New Deal, it became apparent to us that a New Deal was in order for our users, as well as potential users, of Personal Call Collection Service.

Accordingly, there was inaugurated a new low price of 15c per call, regardless of volume used. This enabled the small user to take advantage of a collection media which he could not formerly afford. While this adjustment downward in price has not proved profit-making to the Adjustment Department, it has proved its value to be far reaching. It is consistently becoming part of the collection procedure of the wide-awake collection departments.

Records indicate that during the past 14 months, under the New Deal, this service was used by 43 subscribers; 10,765 calls were made and \$16,532.90 was collected. This, of course, does not include returns made direct to the client and unreported to us.

So much for the policy, now for the procedure:

We supply our clients with a regulation Personal Call Collection Card, which asks for the following information:

Creditor's name	
Phone	Open or Contract Account
Person in charge	
Debtor (whether Mr., Mrs. or Miss)	
Address	
New address	
Occupation	
Employment	
Terms	
Out of work	On job
Sickness	Promised to pay
Promised to come in	Wants to return merchandise
Bank	Does not possess merchandise
Payments	

On the back of this card, which is 4" x 9", is provided space for the collector's report. These cards are picked up daily by a messenger from our office, and returned to the client within forty-eight hours with a complete report of results. The same card is used for the follow-up calls, if such are necessary, and it is helpful to the representative in proceeding with the collection.

Each representative is given a receipt book consecutively numbered, the receipts prepared in triplicate. The original is left with the debtor, duplicate is sent to the client and the triplicate remains as permanent record of the Adjustment Department. The merchant receives the copy which is returned to the representative.

When a personal call is made at the address given by a debtor and no one is home, a small white card the size of a personal calling card is left. This card reads:

NOTICE

A representative from

 a.m.
 called at ----- p.m. -----, 1934,
 and found you out. Kindly call Credit
 Manager ----- within 48 hours.

This card is placed in a white envelope, the debtor's name is written on the face of it, and the sealed envelope is placed in a conspicuous place so that it cannot escape the attention of the debtor upon his or her return. In all such cases, the representative ascertains through inquiry of neighbors, corner grocers or drug stores, whether or not the debtor actually lives at the address given.

Some of you may not approve of outside representatives. Objectors are compelled to consider the importance of a service which will bring forth a true picture of the possibilities of effecting collection of many delinquent accounts. This is especially true in these days when

thousands of homes have eliminated the use of telephone. Many debtors have discontinued their bank accounts, due partly to the continued suspension of a great number of banks, and also to the check tax and the increased cost of postage.

They take the view that if creditors want their money badly enough, they can arrange to call for it. While this may not be the most desirable class of accounts to carry, the situation does exist. You have the accounts, and it is up to you to arrange to meet the conditions. For 15c a personal call can be made, money can be collected, and the customer treated with every possible courtesy. This through the means of a dignified service, which only Personal Call Collection Service is prepared to render.

Personal Call Collection Service has proved its educational value. It has found first, that many financially involved individuals hesitate to appear at the office of the creditor for the purpose of explaining their continued delinquency, and second, that debtors think it better to accumulate a substantial payment, rather than make small payments regularly. The personal call contact has made possible the education of such debtors to the fact that small payments are acceptable during the period of readjustment. As a result, many accounts have been paid in full, the continued patronage of the debtor has been retained by the merchant and the collection percentage materially increased.

Delinquent debtors have been further educated to the importance of giving their cash business to the merchant who is already carrying an old balance. Records of such transactions are kept by many creditors. The constant return to the store of a person indebted keeps indelibly impressed upon his mind the necessity of reducing the old balance, and affords a marked degree of confidence in his own ability to continue pleasant business relationships with such creditors.

The success of the Personal Call Collection Service, is largely dependent upon the type of individuals employed as representatives. The representative should be possessed of credit experience, and the ability to properly analyze an account. He should be understanding in nature, sympathetic when necessary, yet firm in effecting collection. He should be of calm and composed demeanor.

Bernard B. Cantor, Manager of the Adjustment Department, Retail Credit Association of Portland (Oregon).

Originator of the Portland "Personal Call" Collection Service.



He should be a man of sufficient experience that the merchant may feel the utmost confidence in his ability to represent him or his store. He should be informed of the policy of the creditor both as to sales and credits, so that he may have full power, if necessary, to adjust disputed accounts.

The Portland office has been especially fortunate in securing, as its representatives, men who have had many years of credit experience and who are recognized

(Continued on page 23.)

A Consistent Collection Follow-Up Brings Better Results

By ELLIS A. EPSTEIN

Manager, Department of Accounts, Hochschild, Kohn & Co.,
Baltimore, Maryland

WHILE there are a lot of so-called tricks used in the collection of accounts, our organization has followed up collections along the same liberal policy which we have always used in selling merchandise. We use a hand-posting ledger for monthly debits and credits with the daily posting of cash. These ledger sheets have columns for remarks, and all collection records are entered in these columns.

Our accounts are opened on terms which provide for monthly settlements in full. We do not, however, write a letter until sixty days has elapsed, following the rendering of a bill. At that time, if the amount is small, we use the following forms:

Letter No. 1

"We feel sure you have overlooked the small balance on your account, part of which has been due since (blank). Will you please send us a remittance?"

Letter No. 2

"There remains open on our books a small amount which has been outstanding since (blank).

"If there is any reason why this should not be paid, please let us know, or, if it is correct we would appreciate a remittance."

If the account covers purchases in every month and is in excess of \$20.00 we use the following form letter:

"Our records show that your account is made up of purchases for the months listed below.

"You no doubt recall our terms provide for monthly settlements in full.

"We appreciate your patronage and request your cooperation."

We try to maintain a follow-up at least once a month,

and if we do not receive a reply to our first letter, it is usually followed with this one:

"We are again writing you about your account which is still somewhat overdue.

"If there is any reason why this should not be paid, please let us know. If you find the amount to be correct, we shall appreciate a remittance."

If we do not receive a reply to this letter, we write the letter quoted at the top of the next page:

11 W 42ND STREET
NEW YORK

CABLE ADDRESS
HOCHSCHILD

Hochschild, Kohn & Co.

BALTIMORE

DEPARTMENT OF ACCOUNTS

August 23, 1934

Mr. [REDACTED]
2 [REDACTED] Avenue
Baltimore, Maryland

Dear Mr. [REDACTED]:

Your account shows a balance of \$15.50 which covers purchases charged in 1932.

It is not our intention to undervalue your efforts, nor is there any doubt as to eventual settlement of your account.

We believe you will agree, however, that due to the length of time your account has been open, it is best that we charge this amount off as a loss.

Although no additional statements will be sent to you, this condition will leave a permanent credit record against you.

We, therefore, suggest that you send part payments whenever you are able to do so.

Yours very truly,

HOCHSCHILD, KOHN & CO.

E. A. Epstein
E. A. Epstein

EAE:HHS

"As we have received no reply to our previous request for payment of your account, we must ask that you comply with the terms made when the account was opened.

"It is most unpleasant for us to write you in this strain, but as you know, our terms provide for monthly settlements in full.

"We must ask that you send us your remittance without further delay."

* * *

When this point is reached, the account would be about six months old, and if the customer made no effort during that time to answer any of our letters, or made no payments, it would then be followed with a legal collection form as follows:

"Although we have not received any replies to our previous letters, we are making one more request for payment of your account before starting legal proceedings. You undoubtedly realize this would mean an additional expense and unpleasantness to both of us.

"We feel sure that you intend to pay the account and that this legal action will be avoided if arrangements are made before (date ten days ahead)."

* * *

If the account has been on our books any length of time, and we did not receive an answer to our final warning, should the business justify it, we would write the following:

"Your account has been given to me by the Collection Department to be placed with our attorney for collection.

"Considering the number of years your name has been on our books, we have refused to approve this action without sending one more letter to you.

"Your continued silence and also the fact that we have not received a remittance since (date) leaves no other course open for us to pursue.

"We are granting a ten-day extension, and ask that you make some definite arrangements with our Department of Accounts regarding your account, on or before that date, thereby avoiding this unpleasant action."

* * *

We then place the account with an outside collector, the Retail Merchants Collection Bureau, or the firm's attorney, if no results can be had from the above mentioned procedure.

The letters which we have quoted have met with very favorable results. We also try to reach as many customers as possible either by the telephone or with a personal interview. We believe the telephone to be the best collection medium with the exception of the personal interview. However, when your Collection Department handles a great number of accounts, this method would be expensive. Our organization has not determined definitely whether it pays to resort to drastic collection methods, which involve greater expense, or whether to be satisfied with a lower collection percentage and maintain our liberal policy.

During the last few years, due to the economic situation, it has been a little more difficult to collect accounts from some people, and no doubt in a lot of instances, customers who actually do not have any reason for not paying, have taken advantage of this condition. To overcome this situation, it has been necessary to resort to a lot of new reports from our credit bureau, to bring out

the exact circumstances of customers who make a practice of sending excuses concerning their inability to pay.

We have also found during the last few years, a number of people who have been on our books a long time and who had formerly paid very substantial amounts, but who now leave a balance of approximately \$25 or less, with the excuse that they are unable to meet this debt. When this condition exists for a number of months, we usually write them the letter reproduced on page 20.

It is surprising to find what a favorable response this letter meets with, and how many accounts are eventually paid.

I believe that the secret of all successful collection procedure is a regular and consistent follow-up. This usually brings results with the greatest number of accounts, except some who are inclined to wait until you force action by legal procedure.

In our city we also have the benefit of a Peoples' Court, where we may enter suit on all accounts up to \$100, without the service of a lawyer. A great many of these accounts are usually settled before they come to trial.

> > >

National Office Notes

As an added service to members, the National Office offers a "placement service" as a means of contact between employers and credit executives. Retailers will find this a dependable source on which to draw for trained credit workers as we are constantly receiving, through our many sources of information, news of changes and inquiries from ambitious credit workers seeking a chance to "step up."

Likewise, we often have calls from employers for recommendations to fill positions. Naturally, our suggestions are made on available information on file, so we will appreciate inquiries from members seeking positions or advices as to positions open. All correspondence will be held strictly confidential. Address: Placement Service, National Retail Credit Association, St. Louis, Mo.

> > >

For use of the National Office, as well as the Legislative Committee, we want to compile a list of all local and state associations of credit granters; also a list, with names and addresses of all officers of such associations. Secretaries are asked to send us this information at once and to advise us of changes as new officers are elected.

> > >

Recent visitors to the National Office were:

Ed. L. Cutting, Manager Retail Credit Bureau, Tupelo, Miss.

F. E. Dill, Secretary-Manager, Texas Retail Furniture Dealers Association, Dallas, Tex.

L. S. Gilbert, Manager, Credit Service Exchange, Atlanta, Ga.

E. G. McIntyre, Secretary-Manager, Credit Reference and Reporting Co., Des Moines, Iowa.

A. D. McMullen, Secretary-Manager, Oklahoma City Retailers Association, Oklahoma City, Okla.

F. E. Morriss, Secretary-Manager, Texas Retail Dry Goods Association, Dallas, Texas.

Al. O'Brien, Credit Manager, Davidson Bros. Co., Sioux City, Iowa.

J. C. Rayson, Manager, Credit Service Exchange, Retail Merchants Association, Tulsa, Okla.



WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

FOREWORD

ON AUGUST 20, the Comptroller of the Currency released figures as of June 30, 1934, showing approximately \$20,000,000,000 of deposits in Federal Reserve Banks. Publication of these figures, the first in some time, has occasioned interest as to the aggregate of all bank deposits as of the same date. It is estimated that there are approximately \$10,000,000,000 in Mutual Savings Banks and another \$10,000,000,000 in banks outside of the Federal Reserve System, making a total of approximately \$40,000,000,000 of available deposits. This corresponds with approximately \$52,000,000,000 as of January 1, 1929, and indicates a basis on which to build a very much larger expansion of business than is occurring at the present moment.

The decline in business is graphically illustrated by the Census Bureau's release on August 10, of wholesale and retail sales, showing a decline as to the former of 69 per cent of the 1929 volume of \$69,000,000,000 and a 48 per cent drop in retail sales from the \$49,000,000,000 level of the same period.

Legislative

(a) Announcement of the formation of a bipartisan national organization followed by Secretary Morgenthau's radio talk on the nation's finances, calls to mind the "Foreword" of the August Washington Bulletin. The thought behind that "Foreword," written as of August 3, 1934, was that there had been considerable misunderstanding and some misrepresentation of our exact financial position.

Secretary Morgenthau's talk has cleared the atmosphere but it is also apparent that taxation will be a major subject for consideration at the next Congressional session if the budget is to be finally balanced. It is said that the league mentioned has taxation as one of the major subjects on its program.

(b) It has been said that the opening session of the next Congress will not witness a continuation of the drive to regulate motor transportation; passenger and freight, in interstate commerce but investigation discloses that not to be the case. In fact, the railroads themselves are doing such an increasingly large portion of this phase of transportation that some such regulation would seem to be absolutely imperative.

J. R. Turney, assistant to Federal Coordinator Eastman, completed and published last March, under Mr. Eastman's direction, a summary of L. C. L. shipments and expects to have ready the other three phases of the railroad four-point survey completed between now and

this coming December. (They are carload traffic, passenger traffic and organization.)

(c) Inquiries have been made as to the scope of the act of June 16, 1934, for the relief of Federal contractors whose costs were increased by adoption of codes. The bill—Public No. 369—finally passed by Congress, was amended as a result of efforts in which the writer participated so as to include subcontractors and material men.

Comptroller General McCarl has held in a memorandum of July 24, 1934, that the act does not, however, extend beyond the classes specified, that is, a claim cannot be filed by any subcontractor of a subcontractor but is confined to those who have entered into direct contracts with the prime contractor.

Summaries of the act and work done by the writer in connection therewith are to be found in the June issue of *The Certified Public Accountant* and in the July 21st issue of *Business Week*.

Departmental

(a) There is a question at issue in the minds of many of those in the business world as to how and why the Federal Trade Commission has been handling some of the NRA code complaints when the NRA is actually supposed to be administering these complaints. Under date of Jan. 20, 1934, an Executive Order was issued relating to "NRA cases before the Federal Trade Commission." A paragraph of that order is as follows:

1. Whenever any complainant shall be dissatisfied with the disposition by any Federal agency, except the Department of Justice, of any complaint charging that any person, partnership, corporation, or other association, or form of enterprise, is engaged in any monopolistic practice, or practice permitting or promoting a monopoly, or tending to eliminate, oppress, or discriminate against small enterprises, which is allegedly in violation of the provisions of any code of fair competition approved under the National Industrial Recovery Act, or allegedly sanctioned by the provisions of such code but allegedly in violation of Section 3 (a) of said National Industrial Recovery Act, such complaint shall be transferred to the Federal Trade Commission by such agency upon request of the complainant.

One such case now before the Commission is that of *Phillip Baker Rubber Co., et al.* The complaint in this case was filed June 20, 1934. The violation charged failure to file price schedules with the code authority.

(b) There has been released by the Bureau of the Census the retail census for 1933 for every state of the United States. These reports are particularly interesting because they show the volume of retail trade during 1933 compared with 1929.

The retail census for New York shows, "With 7 per cent less stores in operation in New York during 1933 than there were in 1929 (177,563 against 190,017) the dollar volume of retail sales shows a drop of 44 per cent

from the predepression year. The amount of business in 1933 was \$7,070,414,000 against \$3,965,907,000 in 1929." The release for New Mexico shows a 20 per cent employment increase during 1933 and that of Montana shows an 18 per cent increase.

This is the first issue on this retail census. There will be a second issue which will show the retail census for special kinds of business. The second issue will include the District of Columbia. Copies of these releases can be obtained from the Publication Division, Bureau of Census, Commerce Bldg., Washington, D. C.

Court Decisions

(a) "In full to date" is written so many times on checks sent in on statements that whether or not it accomplishes accord and satisfaction is a matter of importance to merchants. As was said in *Worcester Color Co. v. Henry Wood's Sons Co.*, 209 Mass. 105, speaking with reference to these words:

"Many cases have arisen where the conditions have been such as to make it a question of fact whether there has been an accord and satisfaction, even though these words have been used where a payment has been made."

Similar words on payment checks occurred in *Lippard v. Dupont Garage Co.*, decided May 14, by the Court of Appeals of the District of Columbia in which it was held that "account in full to, etc.," bore no relation to a disputed account and only settled those items of merchandise sold subsequent to the dispute and for which the amount of the check corresponded. The opinion quoted from the Massachusetts case and also from *Keene v. Gauvin (C. C. A.)* 22 Fed. (2d) 724, as follows:

"Where there is a single claim, and the aggregate amount is in dispute, payment of the sum conceded to be due, on condition that it shall be received in full satisfaction, bars recovery of the sum in dispute. But where there are two claims, dependent on different facts, one of which is undisputed and the other of which is disputed, the payment of the undisputed claim does not bar the right to sue for and recover on the disputed claim."

(b) In the July CREDIT WORLD, attention was called to a court decision holding the Louisville Credit Men's Adjustment Bureau to be subject to taxation within the meaning of the Revenue Act of 1928, the pertinent provision of which relating to "business leagues, etc.," is substantially the provision of section 103 (7) of the Revenue Act of 1932, the present act.

A recent income tax decision of the Internal Revenue Bureau referring to a laboratory maintained for profit under the provisions of a nonstock board of trade and business exchange charter, says that "it is now well established that benefits arriving from profits of such an organization may inure to individual members without any distribution of dividends; that the petitioner served its members in many ways from which no profits were realized; and that such services were made possible by the large returns from its profit-making activities."

The Bureau cited in this case, among others, *Northwestern Jobbers Credit Bureau v. Commissioner*, 37 Fed. (2d) 880 and held that the Board of Trade in question was not entitled to exemption from Federal income taxation.

"Personal Call" Collections

(Continued from page 19.)

as level-headed thinkers. They are well known to the majority of credit men in the city, all of whom recognize their ability, and are satisfied to permit them to use their own discretion in the handling of such accounts as they present for Personal Call Collection Service.

I could recite many examples of voluntary relinquishing of merchandise to be left with the creditor until the full balance has been paid. I could relate actual cases of debtors being induced to return, to their creditors, merchandise purchased on contract, and allowing it to remain in the possession of such creditor until fully paid.

Please bear in mind that Personal Call Collection Service has proved itself in Portland. It is a dignified service which is slowly but surely gaining national recognition. It is here to stay, and to become for the merchant the most efficacious and, at the same time, the least costly collection medium available—for current accounts. It is the one medium which has proved itself as productive of higher collection percentages.

» » »


Have You Ordered Your Copy of "Department Store Group Proceedings"?

Our supply of the *Proceedings of the Department Store and Women's Wear Group Conferences* (the complete proceedings of this group at the Memphis Convention in book form), is rapidly being depleted.

At the present time we have only 27 copies left. If you desire a copy, we urge you to send in your order immediately.

The price is \$1.50—order from the National Office.

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THE PRESIDENT'S MESSAGE

CHARLES M. REED

President, National Retail Credit Association; General
Manager, Retail Credit Men's Association, Denver, Colo.

CONDITIONS in the credit field are changing rapidly due to the upheavals and rapid changes in our whole economic structure. This situation makes it imperative that we provide our credit executives, through *The CREDIT WORLD*, with statistical information covering facts and figures pertaining to their credit sales department operations.

We need: Statistics covering their collection percentages of open and installment accounts. General business trends. High and low figures (in percentage) covering volume of charge account business, with comparisons with the previous month, current and a year ago. Records of how new applicants for credit are being handled, and how investigated. Collection plans, whether liberal, conservative or ultraconservative. General opinions as to the average prospects in connection with the possible charge account demands of the consumer also.

We should endeavor to learn the reaction of our credit sales managers to the various relief agencies inaugurated by the government. Have debtors who are benefiting under one or more of these relief agencies shown pronounced indication or willingness to catch up on back balances and create a new credit? If so what is the reaction of the Manager of Credit Sales?

Credit executives throughout the country are asked to kindly cooperate with the Research Department of the N. R. C. A. by promptly submitting their opinions. They are asked to submit promptly papers covering one or all of the subjects herein mentioned, or any subject in which the rank and file may be interested.

We are a part of the great plan destined to assist the nation in economic recovery. By bringing to each other such facts and figures, suggestions and opinions, as we believe may be of assistance to the other fellow, large or small, we will have contributed our bit to the great recovery program now under way.

Send your contribution to the National Office, attention of Mr. Arthur H. Hert, our National Secretary and Research Director. Your cooperation will be most sincerely appreciated.

TO BUREAU MANAGERS, do we most earnestly appeal, as your services and assistance are necessary, particularly in the smaller communities, where we have but few National members. You are asked to contact your leading store owners and credit managers, and ask them to contribute toward our program.

It is suggested also that you bulletin your users, soliciting their cooperation. Better still, that you contact them in person asking that they contribute articles to tie in with our program. We want hundreds of responses; we must cover the field thoroughly. We know **YOU WILL RESPOND**.

Herewith our thanks and appreciation, in anticipation of your hearty cooperation.

P. S. Members, everywhere, are earnestly requested to take an active part in the upbuilding of The CREDIT WORLD—to send in practical, helpful, one- or two-page articles, also short news items. A new man in a new job, new local associations, new equipment installations—these are all news. Send them in!

A New Study - - On a Vital Question

Do you know the costs of operating your Department of Credit Sales? It has been suggested by several members that there is a need for further study of this important problem at this time.

Our Research Department believes that this subject is of vital importance to all of the members and is at present making preparations to conduct an analysis of the operating costs of credit departments in retail stores.

With your cooperation, this study should be ready for distribution about the first of the year.

Tracing the "Vanished" Customer

By S. L. TOWLE

Office Manager, Oakland Laundry Co., Oakland, Calif.

MRS. SOANDSO of 4539 Suchandsuch Street telephones in and asks to have our man call for laundry. The salesman picks up a nice bundle of "Rough Dry" that comes to \$1.75. When he delivers it Saturday afternoon, Mrs. Soandso is sorry that she hasn't the change. Could he just leave the bundle and call Monday for his money and another bundle?

The salesman, with hopes of another steady customer, when customers are hard to get, decides to take a chance. He leaves the bundle, and goes back on Monday, only to find the house vacant. No one knows where she has gone, and the salesman reports to the office another "skip."

We say that no one knows where she has gone, and yet there are often people who do—the people who are employed at the local post office. When a statement of account is sent to the old address and it does not come back to us, we have pretty good evidence that Mrs. Soandso has left a forwarding address at the post office and that her mail is following her. Is there any way that we can secure the new address from the post office?

Yes, there is such a way. Indeed, there are three or four ways.

One way is to put some bit of printed matter (advertising) into an unsealed 1½-cent envelope, address it to Mrs. Jones at the old address, and on the outside of the envelope say to the post office authorities that in the event Mrs. Jones has moved kindly send her new address on Form No. 3547. In two or three days you may be invited to pay two cents postage on a card bearing the new address.

Or, having tried this and failed, you may collect a number of such names, write them on separate cards using name and old address, and take them to the post office with the request that they correct your "advertising list." They will insert whatever new addresses they have and return the cards to you at nominal expense.

This service is intended and offered for advertising purposes only—but your having used the list for mailing of advertising matter should bring it into that classification.

There is, however, one sure way to learn from the post office what you want to know. Send a registered letter to Mrs. Soandso at her old address, with the instructions given at the time you register your letter that you wish to have sent to you *the address to which the letter is delivered*. The cost is 38 cents besides the stamp for mailing the letter, total 40 or 41 cents. There is no refund if the new address is unknown.

With these facts before us we should like to ask a few questions: Why should it be possible to secure a new address for 3½ cents for advertising purposes when it costs 40 cents to secure the same address for the purpose of collecting an account? And if it is legitimate for a

postman who delivers a letter to a new address to write the address on a card which will be returned to the sender, why is it illegitimate for the same postman to give the address to a representative of the business house when he meets him on the street?

We do not know the answer to these questions, but we wonder if there is some thought like this in the background: "The poor debtors are hounded by the hard-boiled creditors till they don't know which way to turn. If now and then one of them is smart enough to escape from his persecutors, that is just a part of the game between them. Far be it from the government to take sides in the matter by betraying any secrets the debtors have entrusted to them."

If such a thought as this has any influence on the government's point of view, it does not seem to us to be soundly thought out. Any person who receives goods or services without immediate payment makes either a definite or an implicit promise to pay in the future. This constitutes both a legal and a moral obligation, and the government does not usually feel that it should remain neutral when a man is trying to evade such responsibilities.

Suppose an employer should try to evade his legal and moral responsibility in the payment of wages to his employees, would the government feel that it should remain neutral? If a husband and father seeks to evade his responsibilities and leave his wife and children to shift for themselves, does the government feel that it has no concern in the matter?

At any rate the government has changed somewhat from its former attitude of entire unwillingness to help, and is willing to give what information it can now under certain conditions and for a certain price. But speaking from the point of view of the laundry industry, where a large part of our "skips" are between fifty cents and two dollars in value, it is difficult to see why we should have to pay 40 cents and take the trouble of registering a letter to secure information for our Credit Department, when our Advertising Department can secure the same information for only 3½ cents. Does it not seem as if the government is giving the Advertising Department preference?

It seems as if the result we now have has come by putting patches on an old garment. Would it be possible to have a new garment made?

Editor's Note:

Readers who wish to try out Mr. Towle's methods of locating "skips" should obtain copies of the regulation on use of "Form 3547," also Section 1218 (a), P.L.&R., 1932 (outlining use of registered mail to obtain new address) from their postmasters.

What Our Legislative Committee Has Done for You

THE National Retail Credit Association established a Washington office September 1, 1927. It immediately began a campaign to convince the U. S. Department of Commerce and our national Congress that an annual retail credit survey was essential if \$25,000,000,000 annually of retail credit was to be administered efficiently. The campaign was successful; Congress authorized the survey; and in June, 1929, the first survey was reported—due acknowledgement being made in that report and in successive reports of the sponsorship of the National Retail Credit Association.

These reports furnished the first definite chart to guide the administration of retail credit; the first definite information that losses were large from return goods; collection percentages and open credit losses on that volume of credit; installment credit losses; fraudulent buying; and fraudulent checks. This survey furnishes an invaluable guide to the retail merchant in the conduct of his business but that guide has been brought about and is being maintained through the efforts and influence of the National Retail Credit Association at the National Capital.

The Department of Commerce recently said: "Credit authorities in this country have said that a copy of this survey should be in the hands of every executive concerned with this subject." If you wish to know whether your credit department is administered efficiently, consult the annual retail credit survey of the N. R. C. A. If in the future you wish to gauge the coming of a depression, whether or not the bottom has been reached, and its length and duration, again consult these semi-annual retail credit surveys.

They were commenced before the depression started. They have been continued through the depression; and they will still be published, if we have your support as a member of the National Retail Credit Association, when normal conditions have been restored.

Return Registry Receipt

Commencing in 1915, sporadic efforts were made to have Congress change the postal laws so as to permit the return receipt on a registered letter or package to furnish the address at which the same was delivered as well as the addressee's name. Lack of organized leadership caused those efforts to fail but in 1930 the National Retail Credit Association took charge of the matter and in 1931 postal laws were amended so as to permit the giving of the address at which registered mail was delivered. This service has proved invaluable not only to retail merchants and retail credit granters in furnishing correct addresses of their customers and in locating debtors but to other business units.

Many state laws require insurance companies to have correct addresses of policyholders and this service is, therefore, invaluable to them. Merchants need to know the address at which valuable merchandise is delivered

when sent through the mails. Banks and brokers deliver securities through registered mail but the return receipt is not enough, *the place of delivery* to the recipient is also needed. In fact, where valuables of any kind, such as documents whose loss cannot be replaced by pecuniary compensation, must be recovered if possible, this return receipt with the address furnishes the starting point for the search.

Bankruptcy

Some phases of bankruptcy, such as placing the addresses of voluntary bankrupts upon District Court dockets have already been carried through. A retail "six-point" bankruptcy program has been evolved and a campaign of education carried on as a result of four years' intensive study of this subject; and consumer credit as a related phase of bankruptcy has now been brought into the picture.

Consumer bankruptcy is rapidly increasing. It is taking its toll from you. *Why not induce your fellow-merchant to become a member of the National Retail Credit Association and help to check it?* (See legislative program details.)

Reduction of First-Class Mail Rates

In the 73rd Congress, the National Retail Credit Association fought to bring about a reduction of first-class mail rates from 3c to 2c and was measurably successful when in conjunction with several other powerful national organizations it persuaded Congress to make the reduction applicable as far as local delivery.

Surely you have profited from this work of the N. R. C. A. If you have, don't you think you owe it to the N. R. C. A. to lend your support and help to bring about a general reduction, not local delivery alone?

Credit and Character Reports

The Federal Government is now beginning to realize, for the first time in its history, the full value of credit and character reports of the service bureaus, formerly an integral part of the National Retail Credit Association. Missionary work of the N. R. C. A. and its Washington office functioned largely in bringing that about. It is estimated that as of September, 1934, the Home Owners' Loan Corporation has purchased in excess of a quarter million of such reports from these service bureaus.

A campaign is already under way to further the use by the Federal Government of credit and character reports by other executive departments and bureaus. These reports are, of course, sold to the Federal Government and the revenues derived therefrom undoubtedly mean much to merchant-owned and operated retail service bureaus but the information furnished Uncle Sam is also available to retail merchants and the very service itself improves the standard of reports furnished to such merchants.

This campaign commenced three years ago when the National Retail Credit Association was successful in convincing the U. S. Civil Service Commission of the value of such reports.

Legislative Program

The N. R. C. A. has a six-point bankruptcy program reflected in bills already introduced in Congress (H.R. 9504, H.R. 9505, H.R. 9506, H.R. 9507, H.R. 9487 and H.R. 9227), the first time in the history of American bankruptcy that anything has been sought to be accomplished for the retailer, notwithstanding the fact that nearly one-half of the \$26,000,000,000 annual sales of the retailer are upon credit. Credit sales have changed the picture and if they are to continue it is absolutely necessary that bankruptcy laws should be changed.

Five of the six amendments have been passed upon with approval by the Department of Justice, to whom the House Judiciary Committee referred these amendments. It is confidently expected that the next Congress will enact them into law. One of these amendments (H.R. 9227) seeks to establish a simple and economical way by which the wage earner and salaried class debtor can get the necessary time to pay his debts rather than be forced into voluntary bankruptcy. This proposed amendment has met with almost universal approval. Its enactment will not only salvage many millions of dollars of indebtedness to the retailer, now lost through bankruptcy discharges, but will also assist in promoting the self-respect of the individual.

A companion to the amortization amendment is the study of consumer indebtedness now being conducted by the Federal Government and in which we are participating. Voluntary bankruptcy is largely brought about through lack of inadequate financing for the wage earner or salaried man. The HOLC has helped; House modernization and credit unions are playing their part, but extensions and amortizations of indebtedness of the individual, through the pooling plan adequately and satisfactorily financed at reasonable rates of interest and charges, has yet to be accomplished. We are driving toward that goal and we are beginning to see the silver lining coming up over the horizon.

Our position at Washington is recognized. The July issue of the "Retail Ledger," speaking of the N. R. C. A., said: "It was given valuable national publicity by the action of General Hugh S. Johnson (NRA) in flying to Memphis especially to speak at the Convention—a little matter which took a great deal of quiet maneuvering and influence which only a national organization of high standing, with powerful friends, could arrange."

Washington Set-Up

The National Retail Credit Association has a National Legislative Committee; a Washington counsel on the ground at the National Capitol to coordinate and advise; National Headquarters at St. Louis, with its contact with local associations in every section of the country, to support and maintain that work; all to the end that sound measures and movements in the interest of retail credit granters may be promoted in the halls of legislation and in the executive departments at Washington.

The legislative set-up of the N. R. C. A. is being perfected and extended. It will comprise an outstanding business man as the chairman of the legislative committee of each local association; it will publicize, both nationally and locally, all measures and movements in which the Association is actively interested; and it is already acquainting and familiarizing nominees for Congress in both branches in both parties with the details of our legislative program and what it hopes to accomplish not only for the retail credit granter but for the country as a whole.

You can render a great service in this work: As a member let us have concrete suggestions for the improvement of our Washington work; acquaint yourself with the details of that program; and lend your support to that program with your Senators and representatives. Work actively to enlist the support and cooperation of other retailers in your community. Enroll them as members of the National Retail Credit Association. Membership blanks can be obtained from the National Office. Do it now! Enlist at once for the campaign of Washington work now under way.

Legislative Committee:

JAMES R. HEWITT, *Chairman*

The Hecht Co., Wash., D. C.

W. J. MORGAN,

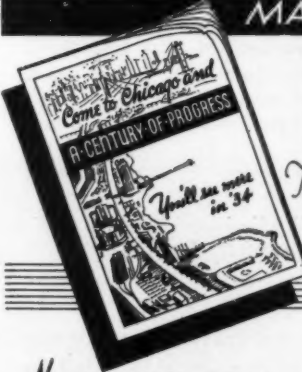
Brooks Bros., New York City

HARRY V. OSTERMEYER,

Woodward & Lothrop, Wash., D. C.

R. PRESTON SHEALEY, *Washington Counsel, N. R. C. A.,*
503 Colorado Bldg., Wash., D. C.

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MICHIGAN at CONGRESS



CHICAGO

Eleven Attributes of a Successful Executive

(Continued from page 5.)

of facts, and his reflective judgment which is based on the orderly classification of facts, generate two higher and more daring qualities, *imagination* and *vision*, a pair of spirited steeds which may carry him quickly and safely to a distant and desired destination; or, if uncontrolled or carelessly used, wreck him at the first turn of the highway.

8. Aptitude for Teaching

The next essential for success as an executive is an aptitude for teaching. The executive should have the ability to set forth truthfully and logically, persuasively and inspiringly, the plan and the detailed duties necessary in carrying on his work.

This teaching should be done naturally and simply, so simply that the person taught can in his turn teach others. It is a mistake to assume that the man who knows a great deal about his subject is hard to understand. On the contrary, the ability to say a profound thing in a simple way is a proof of mental capacity. If we teach in simple language, we give our aides, our team mates, the ability to do a thing most of us like very much to do, and that is to teach others.

The type of teaching a business executive must do requires certain qualities not always considered necessary for success in an educational institution, so mere *teaching experience*, even if very successful, is not a sure proof of possession of the *aptitude for teaching* so necessary for success as an executive.

The younger, new employee and the junior executive have much of the student's attitude toward their teachers and are generally very receptive to instruction. The task of teaching effectively the older employee, or the executive of considerable experience, requires much more skill.

When one undertakes to teach older people he must know how to ask questions thoughtfully and tactfully so as to bring out the ideas of the person he would teach. Often this person will see for himself where his ideas are in error, and teaching in the usual sense of the word will be unnecessary. The "pupil" will have discovered the truth for himself. That is, in reality, the highest type of teaching.

Ability to ask questions skillfully is an important qualification for success in the type of teaching an executive must do.

9. Enthusiasm

There is no one trait more universally possessed by successful executives than enthusiasm. Very little can be accomplished in leadership without it.

The leader must be interested in his work, enthusiastic about it, if he expects others to be, and there is no game or sport in which one may participate for sheer amusement which has more things in it to make it interesting than the *game* of buying and selling goods. It is intricate, and calls for the best thinking anyone is capable of doing. It has variety—no two seasons, no two days, no two vendors, no two customers are alike. It has in it an element of chance and excitement—the outcome of every venture is in the balance. And finally, it offers a very real reward for success.

So there is much to be enthusiastic about in retailing. The leader must feel this enthusiasm—and have the power to inspire enthusiasm in others.

But along with enthusiasm should go a calmness which refuses to be ruffled by every wind that blows, an evenness of disposition which permits neither fits of temper nor spells of moodiness. The enthusiasm of the real executive is not superficial; it is strong, deep, intelligent, calm, courageous.

10. Capacity for Following Through

Many executives fail because they do not follow through what they have started. They launch a program of improvement, are very enthusiastic about it for a time; then, long before the project is completed, forget all about it and turn to something new.

This weakness is likely to be more prevalent among department store executives than among those in other lines because of the need of making quick adjustments to the frequent changes incident to the business of retailing. The executive must watch for and guard against a tendency in himself, and in others, to use the necessity for speed as an excuse for a lack of thoroughness, a failure to "follow through."

One of the best ways to overcome this bad habit is to cultivate the good habit of *planning* even small undertakings all of the way through, including in the plan a definite program of follow-up and not forgetting some "tickler" system to see that each thing is done as planned. The ability thus cultivated to plan and to carry out the plan is an important asset to any executive.

A very large and important part of the work of any executive is systematizing and supervising the carrying out of the *details of accepted practices*. He must never shirk the performance of regular and routine duties.

11. Ability to Marshal and Coordinate All His Knowledge and Talents, and the Courage to Put His Decisions into Action

The eleventh and last of our list of qualities essential to successful leadership is one without which all of the others are almost valueless. It is the courage and ability to control, coordinate, and marshal all his talents so that he accomplishes the desired purpose swiftly, effectively, and quietly.

To develop this skill one should think of his abilities as separate from himself just as if they were units of an army and he were the general. He should marshal his forces so that the strong units are always on the "active front."

The real business leader keeps largely in the background. He is always willing to let someone else have the large share of the glory, of the credit—possibly more than is actually due. He knows that this is the best method of building up loyalty and the *esprit de corps* so essential to successful teamwork. He sets an objective and measures the degree of his own success or failure by the accomplishments of his whole group, rather than by the pleasure given his own vanity from being at the head of the parade receiving the plaudits of the onlookers.

The real leader, although not blatant, is neither weak nor timid. He has determination, force, and self-confidence. He has been given responsibility because his record demonstrates his ability to get things done regardless of obstacles, and unafraid of losing.

He has the courage, when it is necessary for him to do so, to assume the full responsibility for, and to carry out

(Continued on page 31.)

Birmingham's New "Creditor-Loan" Plan

By H. HOYT HARRIS

Manager, Finance Service Division, Merchants Credit Ass'n,
Birmingham, Alabama

MANY of you have undoubtedly made a study of Creditor Loans to some degree and can visualize to quite some extent the future possibilities therein. Taking into consideration the foregoing assumption, I shall not undertake to define Creditor Loans here, but will give you some idea of the workings of our plan as applied here in Birmingham.

"Does it work?" This question has been asked us so often both locally and in inquiries from other cities. This somewhat skeptical condition always exists in any new undertaking, whether it be Radio, Free Wheeling, Knee Action or Creditor Loans. However, these doubtful clouds began to disappear when the checks began to go out, and today the skies are clear and a real service is being rendered both creditor and debtor.

When we started our Finance Service Plan in the early part of January, this year, it was studied and thoroughly approved by representative firms in all lines. All the local papers carried announcements of the service, letters went out to department heads of all the large corporations explaining that we were ready and willing to aid any employee with financial ills. These employers have been keen to recognize the plan as a most helpful service, due to the fact that it relieves the employee of debt worry, making him far more efficient for the duties assigned.

In spite of the general acceptance, still—there were some misgivings. Would the man who was heavily in debt accept the plan and pay the interest on the loan in advance? Would he carry through on his monthly payments? Would the bank actually loan the funds on 85 to 95 per cent of the applications?

The answer is "Yes" to all of these questions. Ninety-eight per cent of the men to whom this "Debt Liquidation" plan has been explained, welcomed it. The records show that 98 per cent of all loan applications have been accepted by the bank, and the money promptly distributed among the creditors. Equally gratifying is the promptness with which the debtors are repaying their loans. It might be interesting to you to know that the bank has had to recall only one of these loans, and this man had the misfortune of losing his position.

These loans represent a cross section of the community. They have proved a blessing to men in all walks of life, from the humble clerk with a modest income to men holding executive positions with Birmingham's largest corporations. A number record salaries of from \$400 to \$600 per month.

Wouldn't you call this real "rehabilitation" work? We, here in the Birmingham Association, are thoroughly sold on the sound principles underlying this plan, and are confident the Creditor Loan properly applied will solve largely the future collection problem.

Is it not a wonder that a large percentage of debtors are defaulting on their obligations? They read in the daily papers where foreign countries are defaulting on their obligations, various states cannot pay off their employees, cities are broke and issuing scrip. The idea strikes the debtor: "Why should I deny myself on a 50 per cent reduced income and try to repay large obligations that were made during the so-called better days?" Try to force this man to pay you—and you know the result.

(Continued on page 32.)

A section of the Reporting Department, Merchants Credit Association of Birmingham.

Fifty-three trained employees.

Switchboard, with eighteen trunk lines, handles an average of 401 calls per hour.

Daily volume, 400 to 500 credit reports. Over 300,000 credit records on file.



Credit and Collection Control

(Continued from page 8.)

First of all we are going to personalize our collection work instead of sending "form letters one to six" to the habitual slow customer. The necessary time will be taken to analyze the previous paying habits of the customer. If they are consistently out of line with our proposed program, instead of sending a form letter, the customers should be required to call at the credit department.

It must not be necessary to immediately ask the customer to adopt a thirty-day limit, but a proper time is needed. It is not difficult to sell the customer on the idea of clearing his bill within at least sixty days. True, this has taken longer than the writing of a form letter, but what a difference in value!

There is now a definite mutual understanding between the customer and the store that no form letter will ever achieve. You will also find a tremendous increase in your collection performance through more consistent use of the telephone. Don't be concerned about the fact that three out of ten customers—or whatever may be the number—don't answer. Keep in mind that for every collection letter thrown into the wastebasket, and there are plenty of them, there are also a number answered, and it has taken about as much of your time as a telephone call.

On the more dangerous accounts don't wait, but get the outside contact man on the job. His report will generally bring information that a telephone call or letter will never uncover. What is being done is to actually bring our collection policy into line with our credit terms.

A loose collection procedure should never follow sound credit extension just as a loose credit-extension policy will break down any chance for sound collection methods. To secure the best departmental operation there must be a foundation of sound credit extension backed up by sound collection follow-up. This will permit of giving consideration and cooperation to those customers who through illness, unemployment, or any adversities require time extension. Such cases should have our help and assistance at all times.

Next is delinquent account control: A definite date when all accounts will be terminated when delinquent is a first step. The next step should be to establish a definite date when an account is termed delinquent. By being termed such, further purchases will be refused until the account is brought to a firm basis. This may be set as long as six months and still permit an average turnover of 50 per cent or better.

A delinquent account control over those accounts should now be set up under a system that will transfer from the regular ledger each month. In other words, in our store, we take those accounts whose balances are over six months past due and transfer them out of the regular accounts to a separate ledger and separate trial balance control.

One of our chief reasons for doing so is to permit much more extensive work on this group of accounts as compared to those on the real ledger. We must keep in mind that in this group are the potential profit and loss accounts, and only through careful personal attention can the ultimate charge-off be avoided.

A definite date when an account will be determined as profit and loss in keeping with our control program as

outlined so far should be had. It is necessary that some arbitrary plan be adopted when an account will be charged to profit and loss. Many departments suffer through a lack of such a standard and carry practically hopeless accounts as active accounts, with a result that accounts are frozen and a tie-up of collection turnover occurs.

If your credit is soundly extended and backed up by a sound collection follow-up, you can safely adopt the arbitrary practice of charging off all balances on which no payment has been made for six months, and over. By so doing your year's regular account losses, less recoveries, should not exceed $\frac{1}{2}$ of 1 per cent of regular charge sales, and your remaining delinquent accounts with active balances should not run over 4 per cent of the total outstanding. These figures are low, and yet are liberal as compared to the actual figures of various stores maintaining a 50 per cent or better turnover.

For example, a store with an average net total of one million dollars and having a collection turnover of 50 per cent or better will average a net charge-off of not more than five thousand dollars, writing off all accounts with no payment six months or more, and the average monthly delinquent accounts outstanding with balances any portion over six months past due will be less than six thousand dollars. These figures are cited merely to give you an idea of what sound credit and collection control will accomplish.

I will next discuss a profit and loss control. Just as we have established a delinquent ledger and trial balance control, so should our profit and loss accounts be placed under actual control. Most stores charge to profit and loss either once or twice a year. We recommend adoption of a monthly write-off policy, arbitrarily including all accounts. The monthly plan provides a much closer relation to prospective profit and loss accounts, and functions as a cumulative write-off on the accounts. At any time during the year the arbitrary plan eliminates guesswork, and in conjunction with the figures showing the delinquency outstanding assures the management as to the liquidity of the total outstanding accounts receivable.

In conclusion, I have outlined to you a definite and practical plan of credit and collection control, and control that is not based on theory alone, but is in actual practice throughout the country today. A number of cities have adopted it on a community basis. I have had the opportunity to analyze the figures of many stores using this credit and collection control.

In every instance the low bad debt losses, the low cost of operating the credit and collection department, the prompt return of accounts receivable outstanding for the efficient operation of the business, the percentage of charge sales to total store sales, the value of a definite understanding between store and customer, all should direct the attention of every credit man and every credit woman to the system.

» » »

Managers of credit sales are urged to obtain (and study) the report of the Eighth Semiannual Retail Credit Survey, which can be obtained from the Superintendent of Public Documents, Washington, D. C., for the nominal price of five cents per copy. This report contains facts and information of vital interest to every credit granter.

Do Present Conditions Demand a Change in Credit Policy?

(Continued from page 14.)

Under my third point, "explain your terms to your customer when the account is opened": If customers understand the terms—know that accounts should be paid in full every month—we have found that the great majority adhere to our ruling. Try to keep the accounts paid up. If you are selling on the installment plan, be sure the customer knows how much he is to pay monthly and on what date the payment is due. This system you will find saves much collection effort on accounts.

My fourth point applies to you bureau managers as an educational feature, and will improve conditions if you can convince your members of the necessity of controlling each account. You will find that an account that is not permitted to increase beyond ability to pay will be paid regularly and trade with the customer will continue on a satisfactory basis. If overbuying is permitted and you are forced to continually remind the customer that the account is overdue, the volume of business will be decreased with reference to that particular customer.

Under the heading of control comes the question of whether an account should be closed if it reaches a limit or whether an understanding with the customer should be reached to continue to pay on the account making only small necessary purchases. We feel that control of *all accounts* is an item of utmost importance in helping to keep them paid up.

Under point five, after an agreement has been reached that an account is to be paid at a certain time, it is very easy to refer to the agreement, and you will find that most of your accounts will respond in a satisfactory manner. However, if conditions change so that it is impossible for the customer to abide by the arrangements, a new understanding should be reached as to how and when the account will be cared for. You will find that most of your accounts will be paid without unnecessary attention.

By controlling our accounts as explained in this talk we were able to obtain as high as 85 per cent per month collection on our monthly accounts prior to 1929, but we have reduced our efforts somewhat due to conditions so that at present our high is 70 per cent on monthly accounts which enables us to have the use of our money and discount our bills when due, thereby increasing the net earnings for the store.

In closing let me say that if the outline which I have talked about were generally followed by all of your members a community credit policy would automatically be established.

» » »

To Avoid Being Disappointed--

Order your copy of the *Department Store Group Proceedings* now. Only 27 copies of this book—which covers the complete proceedings of the Department Store and Women's Wear Group at the Memphis Convention—are available.

One idea gleaned from the discussions covered in this work will more than repay you for the cost—\$1.50 per copy. *Order now*—from the National Office.

Eleven Attributes of a Successful Executive

(Continued from page 28.)

unpleasant decisions such as replacing someone who is not doing satisfactory work, or putting through a general salary cut.

He has the courage, also, to make an *about face* when he sees from new evidence that the plan which had his fullest and most enthusiastic confidence only yesterday is now unwise.

The executive needs more than ordinary self-reliance. There is a continual temptation to attempt to unload the consequences of responsibility upon agencies beyond one's control—economic conditions, the weather, poor physical location of the store, or the various governmental regulations. The person who allows his thoughts to dwell too much on these difficulties builds a false perspective in which too much importance is attached to circumstances, and often unwittingly develops a tendency to "alibi"—all making for the very opposite of self-reliance.

The successful executive will be he who exerts his imagination and utilizes his energies to achieve an end no matter what limitations confront him. He does not ignore obstacles; but, having taken a good look at them, reaches down into himself for the idea by which he can lead his organization through them successfully.

This eleventh essential—moral, mental, and physical control and force—is the spirit and essence of leadership.

No one can have these eleven qualities of mind and spirit in full measure. But through diligent application and study many who have the first four may develop their potential capacities, as far as the other seven are concerned, to such a point that their value as executives will be recognized.

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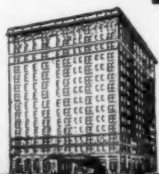
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Garage in Connection...

O. R. GREATHOUSE, Manager



Melbourne Hotel

LINDELL BOULEVARD AT GRAND AVENUE

Birmingham's "Creditor-Loan" Plan

(Continued from page 29.)

Instead of virtually hitting this man between the eyes, and trying to force him to pay you—hit him on the shoulder and show him the way out. Don't think for a minute he doesn't appreciate it—our records show it. Also keep in mind here that you are retaining that priceless thing called "good will" for which you have paid so dearly.

As to the degree of success we have attained in the Birmingham district on Creditor Loans, I attribute it largely to the fact that we handle every detail of the transaction here in the Association and the bank, leaving the debtor to pay only his interest on the loan which is in advance, and, of course, make his payments at the bank on the date which he himself specifies. I personally call on every creditor, securing his endorsement, and often it is necessary that I be referred to the creditor's attorney handling the claim, when I get suit action and garnishment proceedings withdrawn against the debtor in many cases, probably saving his job. They don't overlook this service overnight. They appreciate this by bringing in their friends and fellow-workers to benefit by the same service.

When we inaugurated our plan in January, the Association had several thousand folders printed describing the plan in detail. This folder was written entirely from the store's viewpoint, and was delivered to each of the various stores cooperating in the plan for distribution to delinquent customers.

This neat little folder which will easily slip into any purse, contains on the cover simply the wording "A Finance Plan for the Convenience of Our Customers," and the back carries the "Merchants Credit Association—Prompt Pay—Good Credit" cut. Space will not permit the message to the debtor. We have a new folder just coming off the press at this time which carries a strong individual message.

The plan is very simple. When the debtor brings the folder into the Association, every effort is made to make him feel at ease, and just as welcome as any merchant-member in the district. In fact, he has been told this in the folder. The average debtor is ashamed of his financial condition and special pains are taken to offset this feeling, as it helps in getting him to lay all of the cards on the table. His master credit card is pulled then which helps us in sizing up the situation as to the cause of his condition and his intentions for the future.

It often happens that a debtor harbors the rankest ill-feeling toward some creditor. Special care is taken to smooth this over if possible. The debtor's application is taken in detail just as though he were making a co-maker or collateral loan, on which all creditors are listed. Attached to this is the blank bank note which he also signs.

He is told the approximate amount of interest, which is paid

then and there. The endorsements of the creditors are secured and the interest, with the loan, is placed in the bank with a credit report. The bank remits direct to each creditor for each account (less the discount to the Association) in one check covering each loan. The debtor receives his pass book from the bank, signifying that the transaction has been completed. We often complete the entire loan in twenty-four hours.

Ninety-five per cent of all debtors will work out if given a way. It's up to you and me to lead the way.

"Does it work?" The answer is "Yes."

» » »

News of the World of Credit

The Eleventh Annual Convention of the Associated Retail Credit Bureaus of Colorado, Wyoming and New Mexico was held in Pueblo, Colo., August 12, 13 and 14. National President Chas. M. Reed, who was present, reports a very successful meeting.

» » »

William E. Glass, Credit Manager, Cottrell Clothing Company, Denver, has purchased a substantial interest in his firm and has been named secretary of the company.

» » »

The Associated Credit Bureaus of Ohio will hold their annual meeting at Sandusky, September 24 and 25, according to an announcement received from Wm. R. Bowen, President. First Vice-President Driver of the National will attend.

» » »

The Retail Credit Association of Miami, Florida, requests publication of the following resolution, adopted August 28:

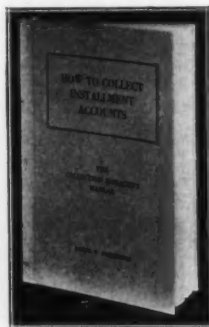
"Be it resolved that the Retail Credit Association of Miami go on record as being opposed to the resolution entitled 'Opposing Any Affiliation with the Credit Management Group of the N. R. D. G. A.,' which was adopted at the Memphis Convention of the National Retail Credit Association, June 22, 1934."

» » »

The First "Placement Service" Applicant:

Young man (27), sales-minded as well as credit-minded. Manager of Credit Sales past seven years of progressive store in medium-sized Northern city but, as he puts it, "Would like very much to step higher in a larger store. Interested in merchandising as well as credit." Address Placement Service (No. 61), The CREDIT WORLD.

Don't You Get Tired Sometimes?



**Of seeing the same old form letters
Mailed by your collection department?**

Oh, they were good in their day, pulled good results, but couldn't they be spruced up a bit with new ideas, and even bring in better returns?

How to Collect Installment Accounts, a new book by Samuel W. Guggenheim, will help you with your collection problems. 70 pages. Cloth Bound. Illustrated. Price \$2.00. Order now from

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